

NATION'S BUSINESS

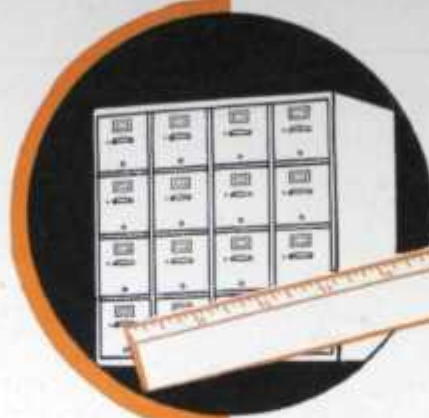


JULY  1931

The Way Back

By Norval A. Hawkins

INCHES *that save* YARDS *that save* RENT..



You think there's nothing very dramatic about *inches* of filing space?

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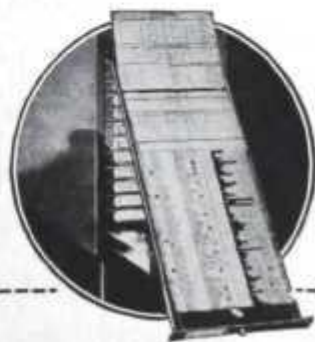
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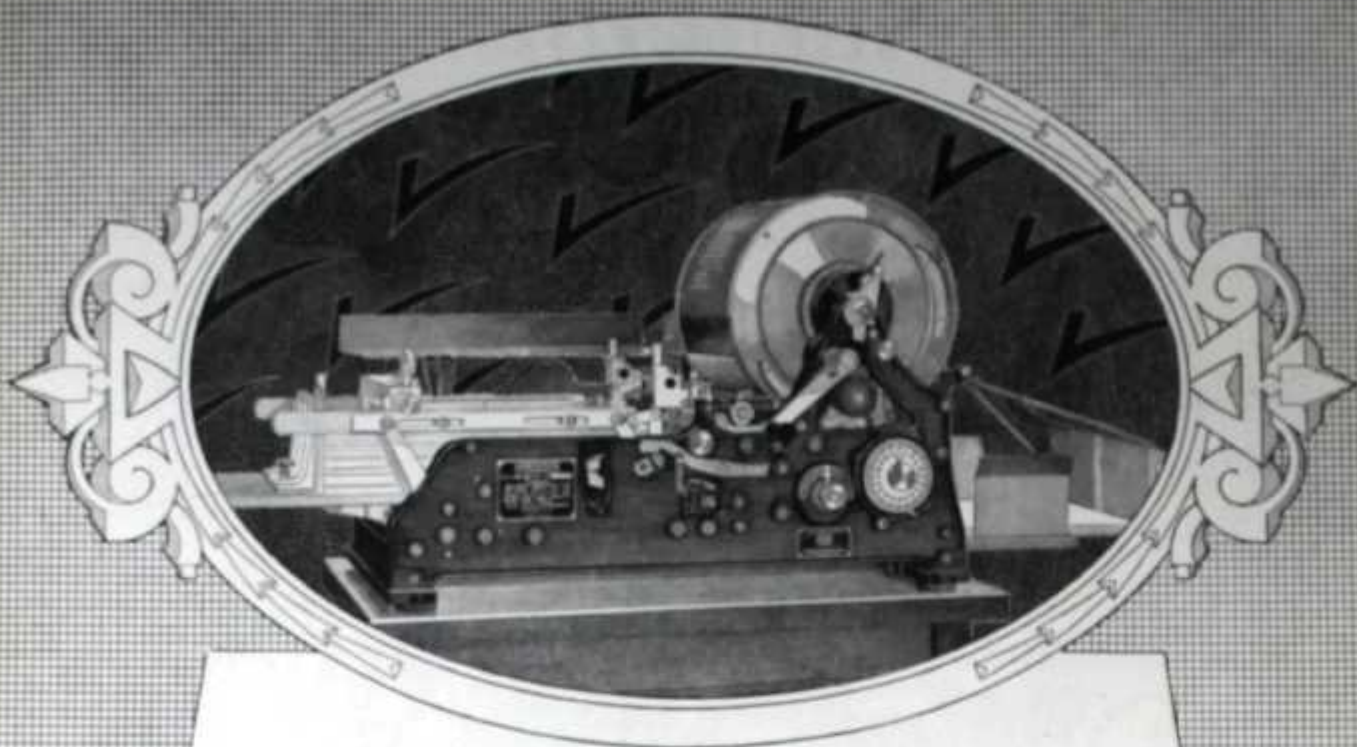
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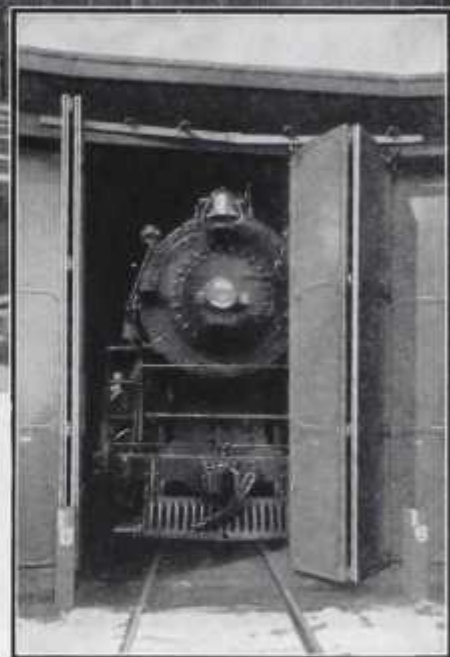


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No. 4

NATION'S BUSINESS for July



VOLUME 19

NUMBER 7

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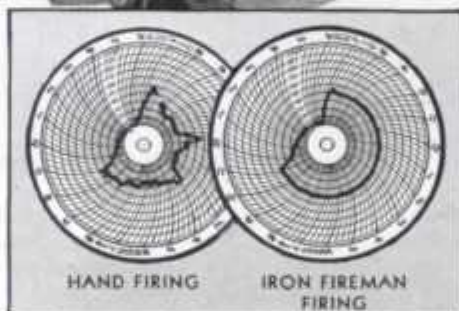


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Through the EDITOR'S SPECS

IN "The Way Back," which begins on page 17 of this number, Norval A. Hawkins, often called "America's master salesman," gives the business man a dozen pointers which were developed by Theodore F. MacManus on what to do to better business in bad times.

These principles are not untried theories. Both men have practiced with great success the things set forth here.

When Norval Hawkins was sales manager for the Ford Motor Car Company his salary passed the million-dollar-a-year mark.

Some years ago when Henry Ford called Hawkins to audit his books, Hawkins suggested the solutions to a number of knotty cost problems. Ford was so well pleased that he urged Hawkins to become his sales manager. Finally he accepted the position at \$1,000 a month plus half of whatever he was able to save the Ford Company.

AT THE end of the first year, Ford was paying Hawkins so much that he wanted a new arrangement. Hawkins suggested a salary of \$100,000 a year or a dollar on each car sold. Ford chose the latter—and before long Hawkins' yearly salary passed the million-dollar mark.

Mr. Theodore F. MacManus is well known as a hard-headed executive who builds soundly on facts. His record of accomplishment bears out the ideas set forth here. If the 300,000 subscribers of this magazine should sit across the desk from Mr. MacManus today and discuss their problems with him he doubtless would start out with the general principles expounded in this article. Then would come the application to the individual business. Obviously no magazine article can offer specific treatment for so wide a diversity of trade and industry.

You can turn to the leading article

WHAT A BUSINESS MAN SHOULD KNOW TO ADD \$5000 A YEAR TO HIS INCOME



WE should like the privilege of sending you a little book which contains a chart of the range of knowledge a business man must have to increase his income \$5,000 a year.

This chart will be of interest to every ambitious executive, no matter what his particular line of business may be. The man to whom business will pay its greatest rewards in the next five years is the one who understands the fundamental business principles which this chart covers.

This matter of adding to your income is not entirely a matter of brains. Not a matter of pull. Not even a matter of long experience.

Has the man who makes twice your salary got twice your intellectual ability? No. Has the man who makes \$25,000 a year got five times as much brains as the man who makes \$5,000? By no means.

Over a period of more than twenty years, the Institute has proved, in case after case, that very little is required to give the average business man that additional something that adds from \$5,000 to \$10,000 a year to his salary.

A shorter road to financial independence

The Institute does not claim that its training will turn failures into successes. It does not claim that the Course and Service will make a man successful who would fail otherwise. What it does claim is that its training helps men prepare themselves for bigger responsibilities in a shorter time than is possible without it.

Here are just a few of the examples of increased income that our subscribers have

told us about in the last few months. Their names are all on file at the Institute.

SUBSCRIBER A.

Was Works Engineer at \$4,200.
Now Vice-President and General Manager at \$18,000.

SUBSCRIBER B.

Was Manager at \$3,600.
Now Regional Manager at \$15,000.

SUBSCRIBER C.

Was Production Manager at \$4,800.
Now President at \$21,600.

SUBSCRIBER D.

Was Business Manager at \$7,500.
Now General Manager at \$20,000.

The most valuable equipment a business man can have

Institute training gives you the most valuable equipment a business man can have—a knowledge of the fundamental principles of all departments of business.

It teaches you the up-to-date methods of successful men whose authority is proved by incomes of \$50,000, \$100,000 and more.

It gives you new and valuable ideas—ideas that speed sales, ideas that cut costs, ideas that will increase the net profits of your company.

The Institute gives you a margin of superiority over your competitors that means an astounding difference in earning power. The story of Institute training is the story of salaries doubled and tripled in a few short years. It is the story of men rising to positions of large responsibility while they are still young enough to enjoy their success.

It will be particularly worth your while to send *now* for "What an Executive Should Know." Besides the chart, it contains the facts about the much-talked-of new series of Business Courses recently announced by the Institute.

Famous contributors

The importance of these new Courses can hardly be exaggerated. So new that they are not yet off the presses in their entirety, these Courses number among their contributors the outstanding business leaders of today. Among them are: Alfred P. Sloan, Jr., President, General Motors Corp.; Hon. Will H. Hays, President, Motion Picture Producers and Distributors of America, formerly U. S. Postmaster General; Bruce Barton, Chairman of the Board, Batten, Barton, Durstine & Osborn; Dr. Julius Klein, The Assistant Secretary, U. S. Department of Commerce; Frederick H. Ecker, President Metropolitan Life Insurance Company; Hubert T. Parson, President, F. W. Woolworth Company—and many others.

Write for your copy of the booklet *today*.

SEND FOR THE FACTS

To the Alexander Hamilton Institute, 483 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

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ALEXANDER HAMILTON INSTITUTE



4 o'clock fatigue

means

"OFFICE SHELL SHOCK"

TAKE a good look at your staff when the clock rolls 'round to 4. Nerves on edge. Exhausted. Praying for 5 o'clock.

Study your own face. Rather pinched? Lined a bit?

"Office shell shock" etched those lines. It's "office shell shock" that wastes precious hours for you and your employees.

"Office shell shock" is nervous fatigue caused by daily exposure to office racket. You develop it by dragging through office routine to the noisy tune of billing machines, clattering typewriters, jangling telephones, and the like.

"I'll get used to this racket" you say to

yourself. But you don't. *Noise—uncontrolled—always wins.*

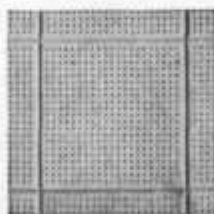
Smart business men have found this out.* That's why so many of them are applying Acousti-Celotex to the ceilings of their offices.

Acousti-Celotex is permanent relief from nervous fatigue. It subdues din. Relaxes tired nerves. Increases output.

Acousti-Celotex comes in attractive fibretiles. These tiles can be decorated repeatedly with any kind of paint without loss of sound-absorbing value.

They are applied in a jiffy to ceilings in old or new buildings. No remodeling. No fuss . . . write today for further information on this remarkable material.

The Celotex Company, 919 North Michigan Ave., Chicago, Illinois. In Canada: Alexander Murray & Co., Ltd., Montreal. Sales distributors throughout the World. Acousti-Celotex is sold and installed by Acousti-Celotex Contracting Engineers.



Acousti-Celotex tiles are quickly applied to your present ceilings. The deep perforations permit repeated decorating with any kind of paint.



*"Our office was so noisy that billing machines and typewriters had to be segregated in a separate room," writes the Central States Life Insurance Company, St. Louis. "We applied Acousti-Celotex to the ceilings of the main workrooms and now all the office machinery is in these rooms, making it possible to route the work along the most economical lines. Thanks to Acousti-Celotex, our employees now finish the day less tired, and work is handled more quickly and accurately."

ACOUSTI-CELOTEX

FOR LESS NOISE—BETTER HEARING

When writing to THE CELOTEX COMPANY please mention Nation's Business

with the assurance that, no matter who you are, you will get something out of it.

TO THE public Fred W. Sargent is known as the president of the Chicago and North Western Railroad. To his intimates he is known as a man who will quote Kipling to emphasize a point in conversation. Knowing these things about him, we were a little surprised one day when he began quoting the Constitution. He quoted it with a purpose.

Most men—and apparently a good many lawmakers—do not know as much about the Constitution as they might. For instance, the Fifth and Tenth Amendments to which Mr. Sargent calls particular attention in his article, "Economic Freedom's Menace," on page 27. They were made a part of the instrument as a special protection against invasion of liberties and, lately, they have been largely ignored.

American business, and indeed your fate as a business man, is intimately affected by the things Mr. Sargent discusses so intelligently and entertainingly.

YOUR present opportunity is also bound up in the things John E. Rovensky talks about in "Business Has Always Had Its Ups and Downs," on page 34. Mr. Rovensky is vice chairman of the Bank of America. Like Mr. Sargent, he is historically minded. Having listened to accounts of what caused this depression, he began delving into history to find out if the germ of depression could be isolated. Perhaps he didn't find exactly what he sought, but he found some amazingly interesting material.

He learned, for instance, that the world went through its first great panic in 1635 and that the cause was—believe it or not—tulip bulbs. Incidentally, you will enjoy comparing that first panic with the last one. In spite of the comic-opera cause, that early panic was real enough as was the suffering it caused.

WHEN Aaron Hardy Ulm was a young man he went to war. He looked upon his enlistment then as a high adventure. Now, 30 years later, he looks on it as good business. "At no time since have I done as well in a business way," he says in his article, "Military Service Was My Best Investment," on page 24.

In some 21 months he built up what amounts to an estate of more than \$5,000. And he was not exceptional. Other men who served with him did bet-

ter. Men who served in the World War did better still and—should there be another war—Mr. Ulm says he will urge his son to get into it because the monetary returns will be greater still.

This estate that Mr. Ulm built is in the form of pension benefits. Every month he receives a sum from the Government for serving in its armed forces. He isn't complaining about this, nor the established American custom of paying pensions to men who risk their lives in military service. He is merely pointing out that soldiering is a paying business. We hadn't thought of it just that way. Perhaps you hadn't, either.

OWING to an unfortunate misunderstanding, the article, "A Balance Wheel of World Credit," which appeared in the March number of NATION'S BUSINESS should have been presented as an interview with Mr. McGarrah instead of a signed article. The interview was not submitted to Mr. McGarrah, as he was on his way to Europe. Mr. McGarrah advises us that some of the statements in the article are not in accord with his ideas and that because of undue emphasis placed upon two phases of the Bank's program, a misinterpretation has arisen in certain European quarters.

We are glad to make this correction which is due the president of the Bank for International Settlements, whose duties in connection with the Bank involve the most delicate relations between the countries of the world.

FOR OUR cover this month Artist Charles Dunn has turned to the sea. He pictures the telegraph control by which the shipmaster's orders are communicated from the bridge to the engine room. There below decks other men handling levers control greater power than the lashing oars of a whole fleet of Roman triremes could generate.

Shipbuilders have come far since shackled slaves and crude sails provided the only driving power for vessels. The whole crew of one of those early galleys could not turn the rudder of a modern ocean liner.

But shipbuilding could not have progressed beyond the galley stage of itself. Business, too, had to outgrow the galley. The mighty fleets of Corinth grew because business needed them. It was business that sent Columbus sailing westward to seek an easy route to the Indies; business that launched the American clipper ships and inspired

(Continued on page 111)

DALLAS Moves a River...



Falchbild Aerial Surveys, Inc.

THE NECESSITY for reducing distribution costs to an absolute minimum insures the future of Dallas as a great manufacturing center. And Dallas is now preparing for tremendous industrial growth by providing ideal conditions for production and distribution.

For example, \$21,000,000 is being spent to reclaim thousands of acres of overflow lands along the Trinity River, immediately adjacent to the downtown district, where industrial sites with every convenience and facility will soon be available. The river channel is being moved and confined between levees, streets are being paved, utilities installed and seven new trafficways are being built; turning basins are being dredged, anticipating canalization of the river to the Gulf of Mexico.

Dallas serves the Southwest more economically than any other city. Already nearly 2,500 concerns of national or sectional importance maintain branches here, many of them manufacturing plants.

Population and buying power in the Southwest have reached the stage where branch plants find ample business

... to Provide Industrial Sites

volume close at hand to insure profitable operation. Geographic location gives a plant at Dallas a tremendous advantage in speed of service and in minimum transportation costs.

If you have only sales and distribution facilities here, consider turning them into manufacturing facilities, that the Southwest may yield you maximum volume and maximum net profits. If you are not represented in Dallas with facilities of any kind, consider now a sales and distributing branch to test out the market and build up sales volume against the day when you will require a branch plant in the Southwest to meet competition!

Write now, on your business letterhead, for a copy of "The Southwest Market," a book containing valuable basic market information that will show you present and future possibilities for business in the Southwest. It will be sent without obligation and your inquiry will be regarded as strictly confidential.

Industrial Dallas, Inc.

538 Chamber of Commerce Bldg.
Dallas

Dallas

Southwestern Headquarters
to American Business

A way to "hedge" on inventory fluctuations

CERTAIN lines of business are literally forced to anticipate their requirements for raw materials or merchandise some months in advance. They have no choice; they must contract ahead to take care of their production or sales programs. • In such cases, a sharp rise or drop in the prices of the commodities primarily required may largely determine the financial results of the year's operations. A manufacturing or mercantile company which happens to buy low, may find at the end of the year that its "earnings" include a substantial ingredient of profit resulting from advancing prices. Conversely, when prices have shown an abrupt decline, the earnings total may be materially reduced through losses in the market value of inventory. • Many of the leading corporations have, as a result, set aside financial resources which are designed to absorb the shocks arising from fluctuations in the prices of raw materials or inventory. This practice illustrates but one of the many ways in which modern business is using reserves to keep its operations as nearly as possible on an even keel. • Reserves can be adapted to a great variety of business requirements. Ample safety and adequate liquidity, together with a good rate of income return, can usually best be secured through reserve structures built of sound bonds. We welcome the opportunity to discuss the individual reserve problems of business organizations. A copy of our booklet, *Business Reserves*, will be gladly sent any executive requesting it on the letterhead of his company.

HALSEY, STUART & CO.

INCORPORATED

CHICAGO, 201 South La Salle Street NEW YORK, 35 Wall Street

AND OTHER PRINCIPAL CITIES

THE PROGRAM THAT DOES MORE THAN ENTERTAIN

Every Wednesday evening you may increase your knowledge of sound investment by listening to the Old Counsellor on the Halsey, Stuart & Co. program. Broadcast over a nation-wide N.B.C. network. Music by symphony orchestra. • 8 P.M. Eastern Time • 7 P.M. Central Time • 6 P.M. Mountain Time • 5 P.M. Pacific Time. • Daylight saving time—one hour later.

B O N D S T O F I T T H E I N V E S T O R



When writing to HALSEY, STUART & Co. please mention Nation's Business



Come-Back or Bring-Back?

NO LESS than 1,000 remedies for the delayed business recovery have crossed my desk during the past year. Occasionally from a crank, once in a while from a red-eyed revolutionist, twice in a while from a self-advertiser, but, on the whole, suggestions come from zealous and earnest men who analyze and prescribe in a sincere desire to be of help.

A mental review of all remedies leaves one clear impression: Most of us are seeking a short cut, an easy formula, too often legislative, that will restore General Business. Too few of us include in the prescription exercise, physical and mental, along with the pill. We are aggrieved that the golden years of '28 and '29 are denied us; we resent the idea that to get them back we must, with sweat and sacrifice, *bring* them back. Wait awhile, and maybe some one will find the open-sesame.

The second impression is that most of us as individuals are expecting Old Man General Business to canter up on a white charger and parcel out what we consider our share of business activity.

How foolish! General Business as an entity is a myth. General Business is simply the sum total of all businesses. Not the Westinghouses, International Harvesters, Montgomery Wards—not the big boys; nor those listed on stock exchanges. General Business is made up of the 450,000 corporations, big and little, and of the 5,000,000 firms and partnerships and one-man workshops—they constitute the business structure of the United States. They include pretty nearly every John and Mrs. John Per Capiter.

Keep your eye on them!

When each individual gets his feet back on the earthy earth, forgets the 100 per cent paper profit days, resolves to start here, now, at this point, and build, a brick at a time, with eye fixed on the normal and old-time increase

of six, ten, or 15 per cent, then strike up the band, for "here comes old General Business."

There is no other way.

As Mr. H. H. Franklin, of the automobile company bearing his name, says succinctly:

There is a difference between bring-back and come-back when applied to growth of business beyond current levels. The first implies that the individual has something to do about it; the last implies that something is just going to happen to make things good again.

Can the individual do it? How many times has management accepted a 25 per cent increase in quota with equanimity and even enthusiasm? Those firms today, small and large—and there are many of them—which show increased activity over 1930, and even 1929, prove that it can be done.

Accept the most pessimistic estimate of the amount the nation's business is "off." If each individual would get out of cruising speed and put on full steam ahead, he could recover that percentage in no time. And the nation would not need the full percentage; half of it would give the impetus to swing us around and up.

How to do it? We present in this number of NATION'S BUSINESS, from the many suggestions received, the soundest and most common-sense. The plan is no dramatic stunt, no deep secret.

In "The Way Back" the thesis set up is that any man, by checking the 12 points outlined, can, by hard application, bring his business back to normal. The word "application" is important. No two businesses are alike. No general prescription can be written for "my business, which is different." But the principles will apply if the individual has the imagination to apply them, and they will turn the trick if he has in addition the courage of that imagination.

Merce Thompson

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AGENCY SECRETARY

*Mailed to
adjusters - June 8th*

Agricultural Insurance Company.

ORGANIZED 1883

WATERTOWN, N. Y.

TO ALL COMPANY ADJUSTERS:

Nobody appreciates any better than we do how important the job of adjusting losses is nor how much diplomacy and understanding is required of you. Many policy holders are not familiar with the obligations and rights set forth in the policy. Not a few make the mistake of accepting neighbors' advice, "not to touch anything until the adjuster comes". Frequently they employ public adjusters in the mistaken belief that a better settlement can thereby be arrived at.

We suppose that the period through which we are now passing adds still further difficulties for you in dealing with our policy holders. All values have shrunk and we imagine that you find a number of cases of over insurance. This always leads to confusion. No one likes to accept the consequences of a falling market.

The situation is something of a challenge to our adjusting organization. We must understand the viewpoint of those who have seen their property destroyed. More patience is required to explain the basic principles of insurance, especially the doctrine of indemnity. More clarity is required in discussing the fundamentals of value. We do feel, however, that we can rely on you to meet this situation, as you have in the past.

We shall continue to support you in your resistance to the payment of crooked losses, but we all know that most claims are honest and that some way can usually be found with honest folks to arrive at a fair settlement. The old virtues of sympathy, fairness and firmness are still effective.

Sincerely yours,

H. R. Waite

President.



NATION'S BUSINESS

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MERLE THORPE, Editor

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As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Cut Government Expenses



THE individual who finds his expenses passing his income might do one of three things, increase his income, borrow or reduce expenses. Most of us can't do the first, just now at any rate; many of us can't do the second and most of us don't want to. That leaves for the average man the one way out to cut expenses.

The Government can do any one of the three: it can increase present, and devise new, taxes, it can issue bonds and it can cut expenses. To the last problem, President Hoover and his administration are bending their best efforts.

But expense cutting will not make up the current differences between receipts and expenditures. What then? Bond issues or increased tax revenues.

In the war period the National Chamber urged that the war expenses be paid so far as was possible out of taxes, not by bonds. In this very different situation the Chamber said:

In view of current business conditions this is peculiarly an inopportune time for any increase in the rates of federal taxes. Such financial problems as may confront the Federal Government should be met in other ways.

New taxes or higher rates may mean only needed revenues at the moment but with reviving business they may mean revenues greater than budgeted needs—and a surplus in hand or threatened is always a temptation to the spender.

What of the Gasoline Vote?



ALL talk of federal finance at this time is clouded with politics. It is not possible to sit down and discuss calmly the merits of this tax or that, or whether the emergency is one that could best be tided over by bond issues. Any

suggestion of change is not met by the question, "Is it good finance and sound economics?" but by the inquiry "Will it help or hurt the Democrats or the Republicans?"

There are suggestions that the base of the income tax be broadened, that more, rather than fewer, citizens should pay. At which shudders run up and down the spines of candidates and would-be candidates.

There is a suggestion of a federal sales tax on gasoline. We use 16 billion gallons of gasoline a year and the simple editorial arithmetic convinces us that a 2 cent tax would yield a gross revenue of \$320,000,000. Not so bad. But wait a minute! There are 23,000,000 registered passenger cars in the United States and suppose each car meant a vote for or against someone. Remember there were only about 37,000,000 votes cast in 1928 so you can see what the gasoline vote might mean.

In time politicians will learn what simple folks know already: that the bloc vote is greatly exaggerated, that farmers and workers and bankers vote much like other men. The Irish vote and the German vote, the Italian vote and the soldier vote are not nearly as one-minded as some of our statesmen think.

The Consumer Pays the Tax



THE Indiana chain-store tax has been upheld by the United States Supreme Court. It provides a tax of \$3 on a single store. Where there are more than one and not more than five stores the tax is \$10 each. The progressive increase is up to \$25 on stores above the number of twenty.

The tax, it is plain, operates most severely against the chain with a large number of units each doing a comparatively small volume.

Kentucky has, and Michigan has tried to have, a tax law penalizing volume of business. The Retail Dry

Goods Association at a recent meeting in Washington was told that profits in that industry were confined very largely to the units of large volume. What would be the effect of such taxation on the Marshall Field's and the R. H. Macy's?

Taxation is a powerful weapon and, like all powerful weapons, may be dangerous to the user as well as to the one against whom it is used. To undertake by taxation to alter the currents of trade and to penalize one dealer in certain products as against other dealers in the same products is a policy of doubtful wisdom.

And what of the consumer? Is he—or the more important she—to be denied the privilege of buying how and where he or she chooses? NATION'S BUSINESS has no battle against the independent or against the mass dealer. It has a battle, for freedom of business, for equal opportunities for business men!

International Agreement



"THE mountain labored and brought forth a ridiculous mouse." Editorial writers and cartoonists were driven to the classical fable to describe the Washington Congress of the International Chamber of Commerce. What they expected the mountain to bring forth Heaven only knows!

Those who dismiss the gathering as futile can have no idea of the immensity of the task in finding a common ground of agreement among 37 different nations. Those who wanted a declaration in favor of cancelling international obligations and those who would have had a declaration that no alteration should ever be made in their status might be equally disappointed in a declaration which spoke of "an impartial examination of the effects of these obligations on international trade if warranted by changed economic conditions."

The resolutions of the International's Rome Congress of 1923 might have been described as vague and futile when in discussing interallied debts they said:

"A proper factor in any adjustment of such indebtedness should be the present and future ability of each debtor."

Yet it was on that and other assertions of the Rome Congress that the Dawes and Young plans were built.

Help for International trade



TARIFF questions will not down. As this is written Canada has announced increases in duties on many products coming from the United States. Automobiles, steel and coal, canned goods, meats and fruits and oranges are some of the things affected.

From one quarter and another in this country come proposals for tariff changes. Thomas W. Lamont of J. P. Morgan & Company didn't use the word "tariff" when he talked to the National Foreign Trade Council the other day, but he talked of "artificial barriers to foreign trade" and added:

"We can't expect to do all the selling and have the other fellow do all the buying."

On tariff also the International Chamber sought, and

with success, to find a common meeting ground for men of many nations.

A hard job, and he who criticises the result as vain is foolish. Here are three sentences from the resolution:

National and international trade should be encouraged by the removal of every obstacle possible. Tariffs should not discriminate unfairly between nations. Embargoes should be exercised only against dumping or other unfair practices.

Wise words which are sure to be quoted and used many times in the next few years. There is great need for statesmanship in business and business in statesmanship and the International meeting was proof that the first is not lacking.

Wages and Living Standards



A RECENT issue of the bulletin of the National City Bank puts the problem of wages and standards of living into a simple equation. Buying power is the result of multiplying hourly wages by hours of work and dividing it by the price of things bought.

If a man works 8 hours at \$1 an hour and shoes are \$4 his buying power of shoes that day is 2. If his wage rate is \$2 an hour and he works 4 hours his buying power is the same. But if shoes go up to \$8 a pair instead the equation becomes:

$$\frac{8 \times 1}{8} = 1$$

and his buying power is only one pair of shoes.

If wages go up faster than prices then buying power—and the standard of living—goes up. If wages go down faster than prices, buying power drops.

And buying power is not only dependent on rate per hour (or week), it is dependent on number of hours per day (or weeks per year).

An ideal world might be one in which prices went down, wage scales went up and hours of work went down, all at the same time. We approximated such a condition for awhile in this country and a lot of philosophers began to get excited about what the worker (both in overalls and white collars) would do with his extra time.

People do Read Advertising



NICHOLAS M. SCHENCK, head of Loew's Inc., one of the largest movie chains in the country, says his 184 theaters will not show advertising pictures.

In the company's house organ, the *Loewdown*, he says:

Screen advertising is unfair to our audiences. An advertisement on the screen forces itself upon the spectator. He cannot escape it, yet he has paid his admittance price for entertainment alone. Screen advertising is far different from newspaper or magazine advertising. One is not forced to read that advertising.

What about radio advertising, Mr. Schenck? To be sure one can turn his radio off, but he can also close his eyes if an advertising movie wearies him.

And is it true of magazine advertising that "one is not forced to read it?" If it is good advertising, eye-catching and interest-holding, people are just about "forced to read it."

People don't resent advertising. They do frequently

resent being misled into reading advertising which pretends to be something else and they always resent being bored whether it is by reading matter, advertising, radio, moving pictures or talk.

The more the advertiser realizes that he must first attract attention, and second hold it, the less talk there'll be about resenting advertising.

An End to Hampered Trade?



THE London Wheat Conference came to naught. The assembled intelligences could see no method to dispose of existing surpluses and control future ones. Europe looking westward saw a new threat of low price dumping of American stocks held by the Farm Board, and looking eastward, visaged Russian wheat as a knot in the wheat tangle.

Did the memory of the Stevenson rubber plan, of Brazilian coffee valorization, of consortiums and cartels and a dozen other efforts to dam the natural flow of commodities, hang over the wheat meeting? Perhaps not for hope never dies that some day, in some way, we shall control production in a way to please every producer. The Chadbourne sugar plan had emerged from the council chamber just before the wheat delegates gathered.

This paragraph from an Associated Press dispatch is

of interest to those who seek by international agreement to accomplish control of production or price:

The committee of the Amsterdam Diamond Exchange today adopted a proposal by the international committee for the diamond trade to end the restriction of production because of the refusal of South African producers to cooperate.

There is so much human nature in nations as well as in individuals that cooperation, if it involves giving up an advantage in the struggle for trade, is always difficult of accomplishment.

The Record on Pension Laws



THE drive for old-age pensions by the states or by the Federal Government continues.

Within the past year 59 bills dealing with this subject were introduced in Congress and in 25 state legislatures. They include:

Bills for commissions to study old-age pensions or relief; Maine, Michigan, Missouri, North Carolina.

Proposals for constitutional amendments to permit state old-age pensions: Missouri (2), Pennsylvania, Texas.

Bills for state old-age assistance or pensions: Congress (4), Arizona (2), Arkansas (2), Colorado, Connecticut (2), Delaware, Illinois (3), Indiana, Kansas (2), Maine, Michigan, Minnesota, Nebraska (3), Nevada, New Hampshire (2), New Jersey (3), New



If the Public Quit Buying Latest Models

ARTISTS are popularly supposed never to read the periodicals which they help illustrate. Charles Dunn of our staff is an exception. He read the editorial in June which pictured in words what would happen if industry accepted Rome C. Stephenson's suggestion that it stop urging the public to re-

place things that are not yet worn out. Mr. Dunn seized his pencil and put on paper his vision of the business man and his car a few years hence when and if corporations should accept Mr. Stephenson's suggestion that they urge folk not to buy until they had used up whatever they had on hand.

York (2), North Dakota, Ohio (2), Oklahoma, Oregon, Rhode Island (2), Texas (2), Washington.

Of such bills, those introduced in Nevada, Minnesota, and New York were to amend existing laws on the subject.

Oregon passed a bill for a commission to study old-age relief.

In Delaware, Idaho, New Jersey and West Virginia old-age pension or assistance laws have been enacted so that on June 1 of this year some 16 states have old-age pension or assistance laws.

Many of these measures avoid the vicious features of the original "old-age pension" laws inasmuch as they confer no pension rights, but simply permit public assistance to the needy aged to be given, in discretion, in the form of periodical money payments in lieu of maintenance in a public institution.

A Foreign Picture



ONE must needs go a long way from home to learn about himself. We knew that our country was having its troubles but we never really knew how grave those troubles were until we read recently in the English *Manchester Guardian*:

There are grave evils and dangers in our system for unemployment relief, but would its sharpest critics really prefer the starvation and rampant disorder of the American cities where charity puts up an unequal struggle with famine?

Perhaps our mental picture of Great Britain and of some other foreign countries may be equally wrong. It may be that if our vision were clearer and our knowledge greater we shouldn't feel so hopeless about the future of Europe.

It is a little of a surprise, to have an Englishman feel that this country is in a worse plight than his.

Government in the Power Business



In Wisconsin, a state constitutional amendment, well on its way toward adoption, authorizes the legislature to create a "state utility corporation" directly or indirectly to produce, purchase, transmit, distribute and sell electricity and gas.

This corporation may purchase by condemnation "any and all kinds of property" and the state may issue its obligations to carry out these provisions through the utility corporation.

The stated reasons for legislation of this kind—to determine the "true cost" of the service by actual operation and to encourage wider use of electric current—seem more than a little flimsy.

What promotive virtues has "government ownership" that private industry lacks? Only one—subsidy—particularly by tax exemption and rates below the cost of service.

And where can one find the true cost of publicly owned public services today? No class of statistical

data is so completely buried and entangled as government operation costs.

The most probable reason back of such legislation is to provide a threat to privately owned and operated utilities. Moreover, the action takes on a further significance because New York and Wisconsin—with Massachusetts—were pioneers in regulating public utilities, most other states having patterned their regulations after theirs.

These states which are the fathers of regulation have yet to demonstrate that the regulation which they began is unworkable and that they must force their corporate children out of the utility business by competing with them.

A Panacea of Thick Sandwiches



OUR food habits are changing. O. E. Baker of the Bureau of Agricultural Economics told the International Chamber of Commerce about it the other day. We have dropped the amount of cereals, particularly corn and rye.

We are using less wheat flour, less beef and veal but rather more pork, sugar and dairy products.

Now with a drop in general business there has been a decline in all food consumption.

But statesmanship is seldom lacking in crisis. The Honorable Cyrenus Cole, Representative in Congress from the Fifth Iowa District where pigs are a leading industry is ready with a solution. Said he to the Sioux City Live Stock Association: "Make the slices of bacon and ham thicker."

An admirable suggestion but does it go far enough? Why slice it at all? Why not a ham to a person?

Awkward perhaps but think of the result on Iowa's pork!

But if Cole of Iowa asks us to slice our ham and bacon thicker, won't Capper of Kansas, stalwart friend of the wheat farmer, want us to slice our bread, also, a little thicker?

Think of the resultant sandwich!

The Virtues of a Capitalist



THE *Nation*, Oswald Garrison Villard's pungent radical weekly, can hardly be suspected of looking upon capitalism and capitalists with an overfriendly eye. Yet, the *Nation* said of George F. Baker's death:

If it is right and just for a single man to obtain such means and power, the country was probably fortunate to count him among its leaders, for his personal life was blameless, his modesty incomparable, his industry unflinching, his generosity without bounds—far greater than most people realize because so many of his benefactions were anonymous.

INTEGRITY

MODESTY

INDUSTRY

GENEROSITY

A fine quartet of virtues. Even the *Nation* might admit that there is some virtue in an economic system which bestows high rewards upon men of such fine qualities.

The Way Back

By Norval A. Hawkins



A DOZEN business executives saw this article before it was put into type. They all agreed: "It is sound in principle. It is workable, practical." The article derives double interest from the fact that it is a presentation of a noted merchandising expert, Norval A. Hawkins, of a thesis developed by an equally noted advertising authority, Theodore F. MacManus of Detroit. The authorship and sponsorship give it added value to every business man who earnestly is seeking the way back

TO the man who really wants to bring back his own business—and business in general—I submit for his earnest consideration the following:

Individual business institutions are not going to be restored to prosperity by way of the recovery of business as a whole. Business as a whole can be restored only by way of the recovery of individual institutions.

If the silver problem, the gold problem, the agricultural problem, the prohibition problem, the commodity price problem, the wage problem, the unemployment problem, and a dozen other corollary disturbants could be settled overnight, then business as a whole would recover and the individual business institution would swing back into prosperity.

It is perfectly obvious, however, not only that this wholesale restoration is utterly impossible, but that no several elements in the program would be powerful enough to lift the entire structure. So the whole gigantic problem becomes a question of individual initiative and energy, resting upon the resourcefulness and courage of some one man or group of men at the head of each enterprise.

In other words, business men should cease looking for relief from the outside and concentrate exclusively upon the inside of their own operations.

Loosely speaking, there is still a market—to be fought for and dug up—for nearly all American businesses which have had huge volume presented to them as a gift heretofore.

That is an encouraging fact even though it implies a completely changed outlook and a long period of desperately hard work.

If such markets were not possible, then indeed would we have cause for discouragement.

There are hope and volume and profit "in the wood" of every sound business—in the fiber of every such business, provided there ensues a complete change of heart, policy and management.

If the conversion of its management is only superficial or artificial; if it does not deal with hard, everyday facts and translate itself into a new birth of outlook and action, the recovery will not be forthcoming.

A leaven for the nation

IF IT is honest and real and finds its expression in costs, in discounts, in prices, in salaries and, above all, in a clear objective toward which each business institution is willing to work with might and main—the progress of the individual business institutions will act as a leaven, raising the whole mass.

It is no injustice to say that literally thousands of businesses in the nation today are at a standstill fully as much because of opportunities overlooked within the business as because of conditions from without.

We all know, and have always known, that management is vital, determinative, final and even fatal.

But even brilliant management has not exerted its full capacities and imaginative possibilities. It has not been

put upon its mettle, when new conditions took charge of the situation.

But the native grit, and imagination, and ability, and willingness to work are still there—and if it is now applied in every individual business, little and big, the multiplication of the effects will bring about the cure.

If any one thing has been demonstrated during this debacle, it is this—there is no sovereign remedy or set of remedies to bring us back.

You can call the "sovereign" remedies we are offered on all sides anything you please—you can label them Federal Reserve System, or Massed Manufacturing, or High Wages, or Cheap Money, or Lower Tariff, or anything you like. But no one, or all, of them is sufficient to cure the depression.

The ultimate and final cure is in the things which men plant in or dig out of the ground and the thoughts which they think in their heads.

For these other outside and artificial aids, barriers, restrictions and encouragements we can give thanks—when they arrive. But we cannot afford to wait for them to arrive.

Without irreverence it may be said that we must literally be about Our Master's business—the Master in this instance, since we are all, under God, our own masters, being our own free, independent and responsible selves.

Almost every business has its hidden enemies. The biggest job for the moment is to identify them, attack them and drive them out.

Some of these enemies are belated adherences to tradition, slavish acceptance of trade custom, parrot-like application of the methods of competition, subjecting sales to the manufacturing or engineering point of view, trying to cover all of the map instead of intensely culti-

vating the most productive part, unwieldy board-of-director management, failure to seek and find new markets, dull self-satisfaction with the all-rightness of the product, too many pep talks and not enough footwork, imitative or conventional advertising, lack of courage in treating advertising as a capital investment, and so on to the end of a long chapter.

Hidden enemies

SURELY few heads of businesses can spend even one entire day in close scrutiny of their operation without finding one or more of these hidden enemies on their premises.

But they must be rooted out of the office or warehouse or factory or sales-room before the process of recovery for which we are all striving can be gotten well under way.

I repeat that if business men will cease looking for relief on the outside and concentrate on the inside of their own operations, business will pick up.

There are certain practical phases of house-cleaning combined with some broad general principles of economics.

We must bear in mind that there is a strange paradox in economy itself. An institution that starts out to reduce overhead and to reduce costs of manufacturing by the easiest of all courses, the dismissal of labor, starts out on the wrong foot.

For the peculiar fact about labor is this, that though it is a charge against productive industry, it likewise represents a prime market for manufactured goods—and, consequently, any attack upon the strength of labor as represented in our manufacturing plants, be it either the reduction of wages or the dismissal of labor itself, acts as the first step in intensifying a depression.

Today there are around five million men in America idle and with these five million come approximately 20 million who depend on the five million for food, clothing, shelter and luxuries.

But the dismissal of labor does not stop with cutting off a market represented by 20 million people.

The unemployed man or woman is the greatest personal advertiser of depression. If it is a man he goes from shop to shop seeking employment and, of course, there is no employ-

ment. His neighbors quickly understand the situation and, of course, his creditors have it reflected immediately.

His former associates at the plant recognize the dismissal and the five million are paralleled by another five million who are in fear of losing their positions—who expect momentarily that they may be next, and who reflect their feelings and their thoughts in the most obvious way a man under economic threat can express them, and that is by retrenchment. That which we call a buyers' strike is only the result of a manufacturer's decision.

The manufacturer who made that decision is by and large bereft of a market; he has at a single stroke done more to create the depression than any single extraneous force.

To be sure his balance sheet reflects less expenditure for labor but it likewise reflects less goods sold—lower selling prices and a frightful pressure on markets that are curtailed.

So the great question that must be decided by the managers of business in this nation is the question whether they will continue on a basis of retrenchment, in so far as labor is concerned, when the ultimate consequent of a cycle is reflected in taxation, for ultimately the unemployed will have depleted their savings and must look to the public

treasury for support. The problem then still exists, "How do we strengthen the individual institution in the midst of a depression rather than await any return of general prosperity?"

The first thing to do is to make use, and full use, of the elementary proposition that if there is to be prosperity in America, labor's wage must be kept at a high point.

The entire social structure of America is predicated upon extravagance—not upon economy. If that needs proof, consider this specific example.

The economic life of a motor car is measured by miles of service. Twelve per cent of the American car owners consistently turn in their cars after driving them one year. An additional 25 per cent consistently turn in their cars after driving them two years. Forty per cent turn in their cars after driving them three years.

We build on extravagance

IN OTHER words, 77 per cent of the American people drive their cars less than 24,000 miles before they purchase new ones.

This is good for the manufacturer, good for the dealer, good perhaps for the individual who drives and has an incentive to live on that scale which makes America distinct from the other nations of the world.

It is certainly good for prosperity but it has no fundamental principle of economy in it.

If we make the principle of economy our watchword and start on the production end of industry, making economy alone the basis of business, we will, in a few months, teach a doctrine that will drive us so far away from luxury markets and style markets and so far into the field of the pure utilitarian that industry may stay indefinitely depressed.

The one hope for the return of the markets we all loved is the realization that they were built upon a pretty even distribution of wealth which reflected prosperity in every home and made every home the absorber of luxury products.

The one way to defeat such a distribution of wealth is ruthlessly to dismiss labor simply because we fear the charge of labor alone upon productive industry.

Yielding to such an impulse

"IF THE business man will cease looking for relief on the outside and concentrate on the inside of his own operations, business will pick up . . . Some of the inside enemies of business are adherence to tradition, slavish acceptance of trade custom, parrot-like application of methods of competition, failure to seek and find new markets . . ."

Who will be the first to write and tell us that he will apply this twelve-point program to his own business? And we want particularly to hear from those who are already following this or a similar plan. Write and tell us of the experience you have had—and the results. Will you join 10,000 others in setting a ten per cent increase in your quota for the next 12 months, and agree to move Heaven and earth to make that quota? Write.

MERLE THORPE

destroys the one essential, and that is nation-wide distribution of wealth, to the extent that each home becomes a luxury market.

A newer phase of the economic situation will be apparent to more men a year from now. It is the tremendous factor of taxation.

It is an easy thing to reconcile an individual's debts if they bear a modest proportion to his income. There is no real danger in the fact that future income is mortgaged, if the amount of the mortgage be written off by such protectives as insurance, or if the mortgage is made for capital investment.

When such a situation, however, is met by declining markets, when income is curtailed and unemployment affects 20 million people, the surplus or protectives are first to be destroyed and a

debtor class, which is nation-wide, begins to protest its debts.

Thus we see introduced into the legislatures of practically every state bills that will vitally change the bases of taxation. Thus we see real estate taxes becoming a burden that is insufferable under depressed conditions simply because there is no real rent and no economic rent to justify ownership in thousands of cases.

The thing I fear most of all in the present situation is this: The longer we drag along on economic bottoms, in manufacturing, in employment, in sales, in commodity prices, and in stock prices, the more dangerous will not only our economic but our social and political positions become. Demagogues may turn us to that most plausible of all economic theories, that most hateful word in morals or finance—"Repudiation."

The thesis is "Bringing Business Back." My thesis is that any business, sound in its basis, profitable in normal times, enjoying any advantage over competitors, soundly financed, with integrity on the part of the board of directors, can be brought back to its normal production and its normal earning in spite of the general depression—the process to begin immediately and the normal apparent within a year's time.

Given ten such businesses today and a hundred next month and a thousand the following month, each within itself solving its own peculiar problems—and general prosperity will be the inevitable result of unit success.

The one year's program consists of 12 steps, which I presented the other day to the American Society of Sales Executives:

12 Things to Bring Your Business Back

1. I WOULD PERFECT the technique of manufacturing that would lower present costs.

2. I WOULD TURN my attention to distribution and first of all isolate my *profitable* market.

Example: In the automotive industry far-flung dealer organizations have proved a charge on that industry and a loss to the dealers. There are three principal fields—the low-priced, the medium, and the high. Seven hundred and seventy counties with approximately one thousand dealers fill every economic demand in distribution in that medium-priced field for better than 90 per cent of sales. Yet manufacturers vie with one another for two thousand, three thousand and five thousand dealers.

Less than 200 counties out of the 3,072 in the nation cover every essential demand in the distribution of high-priced cars with perhaps 300 to 350 dealers an economic maximum. Yet the organizations spread themselves to the extent of five hundred, seven hundred and even eight hundred outlets.

That is economic waste, with less of control, with diffusion of effort, with costly direction, costly advertising in communities where neither dealer nor consumer should be considered.

3. I WOULD STUDY and define potential buyers, first from the standpoint of who buys the product normally. How many are there normally? Precisely where do they live? Then I'd discount the figures in the light of today's depressed markets.

Example: If there are 21 million native white families in America and 23 million registered motor cars—and if a normal production was four million cars each year—and if four million car owners were unemployed I'd say that a rough total of three million to 3,200,000 cars would be the limit of this year's domestic sales. If in a normal year I sold three per cent of that market or 120,000 cars, I'd see to it that this year I'd get these

120,000 sales or nearly four per cent of the total market. I would accomplish this by doing what no manufacturer has done in years, study the market, isolate 600,000 who could most logically buy and sell 120,000 of them.

4. IN THIS STUDY I would qualify my buyers. Not one industry in one hundred ever qualifies its purchasers. One hundred and fifty-three executives were interviewed personally and only nine reported that they remembered ever being solicited to purchase a motor car—yet they returned year after year to the market. Any manufacturer can set up the machinery to capitalize on such a situation.

5. IN THE ENTIRE study of distribution I would have an eye eternally on the economic. There's many a jobber given a franchise—many a dealer set up in America for the mere desire to place pins on maps without economic justification whatsoever.

The only tenable theory in distributing organizations is that jobber, distributor or dealer can render a service to the factory at a cost less than the factory can enter the market direct.

Tradition here imposes a terrific tax on industry. The fact that a competitor has a good dealer in Oskaloosa is certainly no justification for establishing a poor dealer there to compete with him.

In this sense the fixed idea of trading centers may impose formalism in distribution structures which profit the factory nothing.

An example: One great American city appears to be so preeminently qualified as one of the ten leading markets of the nation that one motor-car manufacturer after another has sunk annually far more than his profit per car in newspaper advertising alone, to say nothing of other forms of local advertising, dealer cooperation, travel, zone supervision, all on the hypothesis that there is a rich

market to cultivate. As a matter of fact, there is not.

(If I seem to draw my examples from the automobile industry it is because I know most of their industry. Application of the principles can be made to every industry.)

6. AFTER THE economic basis has been laid in manufacturing, in distribution, in potential markets and in selective profitable distributing outlets, I would turn my attention to salesmanship.

America hasn't touched the problem of selecting salesmen. The broad field of anthropology contributes precise information, scientific description, on a savage tribe in deepest Africa. The missionary goes out with a definite idea of the tribe he is approaching.

The manufacturer knows little or nothing of retail salesmen, he denies ownership and control, yet his destiny is in the hands of the retail salesmen.

The first step is selection. This is the work of the practical psychologist.

The second step is training and this is less the work of the more experienced than it is of one with the gift of teaching.

The third is direction, the fourth is control.

The fifth is the question of compensation—and this concerns itself with men's susceptibility to rewards for their labors.

In concentrating exclusively within our own organizations, the more friendly, intimate and warm the relationship between factory and retail salesman becomes, the more permanent, profitable and perfect becomes the selling process.

With five million idle, selection can be made more readily than ever before, selection of retail, wholesale, specialty and promotional salesmen, the only four classes of salesmen there are.

With stern necessity facing men they are susceptible to training as never before. Yours is the job of direction and of control.

With compensation graduated and bonuses for superiority, you can make men more appreciative and thus more loyal than ever before.

The thing to do is to man our organizations with power enough to control our entire "potentials." Select this man power and control it intelligently. Compensate this man power handsomely if the work is done.

7. AS ALL of these changes are being inaugurated, look to your line more carefully than ever before—if it is a luxury line with a dominant style appeal it ordinarily profits by length or numbers—but avoid in numbers the danger of pure "duds."

If it is an utilitarian line shorten it and give price advantage or obtain greater profit—for concentration on the minimum is the guide to profit where the utilitarian appeal dominates.

Example: In the low- and medium-priced motor-car markets, multiplicity of model cuts profits—in the high-priced field, model numbers are generally the key to profit unless they are carried too far.

Coverage then is the thing. Universality of appeal in the utilitarian—individual taste in the style or luxury market.

8. DIRECTION by management was never more important. In days of general prosperity goods were taken

away by an eager consuming public. Today management must direct all things—must be on the job eternally. Thought itself was never so needed—thinking executives earn more today than ever before.

9. THE PURCHASING power of the dollar must be measured. If general prices are from 20 to 30 per cent off, our products may remain as formerly priced, but should have additional intrinsic worth.

Accommodation to the reduced buying power of the nation or to the increased buying power of the dollar must be made.

10. FOR THE SAKE of profits watch every opportunity to refinance at present favorable rates. No man knows how long a depression lasts. If lower levels are to remain, fixed charges should be reduced. If higher levels come, refinancing at present levels will mean better profits.

11. LET LABOR'S wage be regarded as the first charge on productive industry. For labor not only contributes "living stones" to the building of our enterprises, but constitutes the prime market for essentials or necessities and the volume market for the most luxury goods and services.

Ricardo's "iron law of wages" still obtains. The lost day of labor can never be replaced.

12. OUT OF IT all I reserve the most important element in "bringing business back"—that is, the elemental fact in redeeming markets—for the corner stone of prosperity is the imagination of man.

All that distinguishes America in the power to absorb goods, in the luxury of her living, in the extravagance of her habits, all that distinguishes her as the active, virile, spending nation is—imagination.

The ability of her millions to live as if they were entitled to live, abundantly and extravagantly, is due to the imagery the printed word has set up in the minds of the masses.

Advertising has done everything to hold before the millions the type of home to live in, the class of clothes to wear, the make of car to aspire to, the locus of amusement, the attractiveness of luxury.

Never before in the present economic era can the advertising page be purchased at so low a cost; it is freer from competitive suggestion, it is reaching more millions who are seeking something to interest them—it is in many instances addressing a market 70 per cent normal.

★ ★ ★

TWO forces lie dormant:

Individual examination of individual business and individual effort, sweaty and working overtime, to improve efficiency of operation, and

Marketing increased output by a direct appeal to the imaginations of men through intelligent advertising covering the institution—the product, the service, the value, the pride and pleasure of ownership.

Under expert direction these two forces put to work will bring any single business back inside a twelve-month.

Multiplicity of this operation in thousands of business institutions means national and then world-wide recuperation.



PHOTOGRAPHS FROM U. S. S. R. IN CONSTRUCTION

A Russian coal miner has few of the comforts that the miner in America enjoys

Don't Worry about the Five-Year Plan

By COL. CLARENCE T. STARR

VE been living in Russia for three years. Now I'm out and through and have shut the door of Russia behind me. While in Russia, I was managing the affairs of an American firm of consulting engineers having several contracts with the Soviet Government in connection with the copper, iron ore and coal mining industries.

The firm was engaged to design and supervise the construction of new plants, rehabilitate existing ones and advise in their management, principally in connection with the coal mining industry.

In the course of the regular routine work I was in constant touch with the active leaders, technical staffs and many of the subordinate officials and workers of the operating companies, or trusts, as they are called in Russia. Also as the firm negotiated and closed several new contracts in the course of my stay, I had frequent conversations with the members of the Supreme Economic Council at Moscow. This is the business department of the Government primarily responsible for the execution and fulfillment of industrial plans.

Through these contacts I gathered a fairly comprehensive picture of the aims and ambitions of the present Government in relation to production and distribution of raw materials—a rather vital phase of the so-called Five-Year Plan.

Every time I meet an American he says:

"What about the Five-Year Plan? Will it fail or will it succeed?"

★ IF RUSSIA ever is to be a menace, it is now, says Colonel Starr, American mining engineer, who has just returned from three years in that country. He explains the Five-Year Plan and what it is expected to do. He also describes "dumping" and why the Soviet finds this practice necessary

To which I always reply:

"If you're asking as an American with the welfare of the United States in mind, forget the Five-Year Plan. Why discuss a theoretical proposition? The thing for the United States to worry about is Russia today. If Russia is, or ever is to be, a menace, it's right now."

I say this because I find men in this country overlooking what is actually happening while they speculate on future effects. The present system of Russia isn't going to change nor will Russia collapse if the Five-Year Plan is not carried out to the letter. This so-called Plan is actually only an estimate, a forecast of what the party leaders hoped could be accomplished in five years and, incidentally, American

enterprises don't necessarily collapse if their forecasts aren't fulfilled.

To the Russian people it is used as a stimulus, something to aspire to. Sometimes the Five-Year Plan seemed to me like a whirling piece of glittering metal which produced a sort of self-hypnosis on the Russian economic leaders.

Only a paper program

IT SUGGESTS a platform adopted at one of our quadrennial party conventions. It is necessary to put things down on paper but the primary job of the party is to elect the candidate.

The Five-Year Plan is the economic platform of Russia and she is going ahead on it as fast as she can.

Moreover it is a plan put together with a great deal of ability. Never before did a country start from scratch to make itself a great industrial nation.

Suppose this country could be swept clean of its industries but retain its man power, mental and physical, and its resources and undertake to remake and relocate its factories, would so many of our autos be made in Detroit or rubber goods in Akron or optical goods in Rochester? Would we move shoes nearer to leather? Would great commercial bakeries be set up near flour mills or near centers of population? And what would make centers of population in a planned economic country?

The Communist Party had to evolve answers to these questions. These answers are set forth in the Five-Year Plan, but this Plan is something besides an expression of their economists. It is a working formula and it carries a threat to our economic stability in so far as it is a stimulus to "dumping."

Let's first ask "What is dumping?" Here's a definition made by Prof. Jacob Viner to the League of Nations in "A Memorandum on Dumping":

"Sales for export at lower prices than those charged at the same time and under like circumstances to buyers on the domestic market."

Dumping has been practised for years. It is no new thing. We have had dumping by countries when they had had overstocks, when they wanted to introduce goods into new foreign markets, when, because of tariffs, it was possible to

sell goods in foreign markets at prices under the home markets.

But Russian dumping has other elements and other causes than these. Let's try a definition of Russian dumping:

It is the forced export because of the need of foreign exchange of goods produced at an unbelievably low cost and shipped without regard to domestic needs.

Russia is not dumping because she has an oversupply but because she has an overwhelming need of money with which to pay for her imports, which are deemed of more importance to her economic growth than the things she exports.

Don't forget that Russia is importing and has to pay for a great many things largely in cash and almost always on short credits.

She is importing machinery, agricultural equipment and tractors. She is also importing—and they are expensive—brains from America, Germany and elsewhere, engineering brains and management brains.

To pay for these she is selling abroad the things her people want and need. Let me take two instances that seem at the opposite ends of the export scale, coal and butter.

According to a British authority, Russia has exported something like 30,000 tons of butter a year for three years. Butter is almost unobtainable to the ordinary worker. Once a year the Government allows him to purchase a quarter pound. If he obtains it from the peasant he must pay four to five dollars a pound. Foreign engineers or managers who are under contract with the Russian Government may buy butter at the special stores which sell only to them, paying 85 cents a pound. When it is not available at the government store they pay the same price as the Russian.

Butter is exported from Russia

BUT Russian butter is obtainable elsewhere in Europe and at ridiculous prices. A year or more ago I went to Poland on business. It's about 48 hours on the train from Warsaw to Kharkov where my headquarters were. It was not possible to get food on the train and, uncertain if any could be gotten at the stations, I stocked up with food in Poland trusting to get by the Russian customs officers with a minimum cost. Among the things I bought was butter at 25 cents a pound. The price was so low that I was naturally suspicious of its quality. However, it proved to be first rate butter and I was told that it was Russian.

That is dumping, Russian style. Butter needed at home, denied to the Russian worker, and sold in other countries at a fraction of the home price.

I spoke of coal. Russia in 1928-29 exported coal, including anthracite, to the amount of 1,150,000 tons. Not a great amount but twice that of the preceding year and Russia hopes greatly to increase that export. Coal is sold in Italy and France at something like 50 cents a ton under British coal and I understand it is sold in the United States at a dollar or two under our own anthracite.



The Russian need for farm machinery is one of the reasons for "dumping" on foreign markets. She must sell things she needs to pay for imports



Spain is negotiating with the Soviet to supply all her petroleum needs

Does Russia need that coal at home or is it an exportable surplus over domestic needs? Here's a part of the answer. The work my firm was doing in Russia included the design of modern coal plants for erection at the mines. As originally commissioned they were to be of modern steel construction and we so designed them. Then came word that steel was lacking and we had to alter the plans to use wood. Why? Because coal, sold abroad, was lacking for steel production.

That was dumping at the expense of one part of the Five-Year Plan to pay for goods which would expedite another industry.

In trying to define Russian dumping, I spoke of the lowest possible labor costs. I have been in the coal industry in the United States for some years and I am often asked if it is possible to compare production costs of coal in my own country and Russia.

The answer to that is "No. The comparison is practically impossible."

Labor in Russia is paid primarily in goods, food, shelter and clothing. Food must be bought at government stores and is limited in quantity and kind. Each worker has a book of coupons which permit him to buy certain foods at certain prices at certain times and at certain places. The same is true of textiles and clothing. His quarters are assigned to him. Those purchases account for the bulk of his wages. He has a few rubles over each month, but he may have difficulty in spending those few since everything is rationed and proportioned or unavailable.

It is hard for an American visitor to realize how binding these instructions are. I was walking through Kharkov with Frazier Hunt, one of the editors of *Cosmopolitan* one day. He saw some cloth in a store window.

"I think I'll buy some of that," he said.

"All right, go ahead."

I went with him to help him interpret, knowing what would happen. All he was met with was:

"Where's your coupon?" That meant his official permis-



The laborer accepts hope as part of his pay. He is loyal to Russia

sion to purchase the cloth. In my work in the United States I have had some experience with Russian mine workers and there can be no comparison in bodily comfort between the Russian miner in the United States and the Russian miner in the Soviet Republic. The advantage is all with the former.

But to get anything like a picture of Russian industry, and the conditions that make this dangerous dumping possible, one must not think of the Russian as a convict. He has one intangible element in his wages, one thing that can't be reckoned with in the cost sheet. He is paid in hope.

Russians hope for plenty in future

THE Russian is intensely patriotic. Even when he is not in sympathy with the present Government he is loyal to Russia. He has been told—and he still believes—that the hardships which he undergoes now will bring a more glorious Russia, a Russia of plenty for him and his children.

How long he will continue to accept hope as a substitute for butter and meat, I cannot say. But so long as he does, Russian dumping will be, and may increasingly be, a menace to the United States and Europe.

It is hard to compare Russian conditions with those in the

(Continued on page 101)

sion to purchase the cloth.

The Russian laborer draws little more in the way of pay than does convict labor in the United States. He is assured of enough to buy food and clothing to the extent that the Government deems necessary for his actual needs. He may occasionally have a luxury but so may a convict. He may, if he accumulates his rubles, "bootleg" some things at bootleg prices. But so may a convict in an American



Military Service Was My

By Aaron Hardy Ulm

WHEN I signed a contract to defend the flag of my country for two years "unless sooner discharged,"

I never dreamed that I was making what has proved to be the best business transaction of my half century of life. I have been fairly successful since leaving the army at the tail end of a series of small wars about 30 years ago. But in no other like period have I acquired nearly so large a volume of capital holdings as I did in the 21 months when, as a youngster, I helped to establish the flag of the United States in a far-away land. Those holdings have a worth, in terms of fixed capital, of about \$5,000. That evaluation is quite conservative.

Those holdings are the usufruct, so to speak, of my war service, which began just before my twentieth and ended not long after my twenty-first birthday. They are in my pension rights and prospects which are as secure as are United States bonds. Those holdings are tantamount to the possession of Federal Government bonds in like amount. I cannot sell or mortgage them, the returns from those holdings come to me monthly, and I shall receive payments regularly so long as I live. In several respects those holdings are more secure than is life insurance.

My case is not exceptional. My "worth" as a war veteran is probably less than that of the average present-day survivor of American wars. Considering only those prospects which approximate certainties, \$7,500 is an ultraconservative estimate of the capital holdings acquired, in the form of pension rights, by the average man who served in American forces during the World War. Some five million Americans are entitled, at least potentially, to war pensions. The number will not decrease much in many years because the places of veterans who die will be taken in most part by their widows or other dependents for a long time.

About a million of us are now re-

ceiving war pensions or something tantamount thereto, and the number will increase to at least three million within 20 years. Ultimately at least 100 billion dollars will be paid out in pensions (inclusive of other benefits and administrative costs) because of claims by or on behalf of living veterans of past wars. This estimate is based on what has been done in the past.

So my estimated \$5,000 worth of stock in wars past is only a tiny fraction of a huge national debt.

"Best national insurance"

IF THE past forecasts the future, the pension rights holdings acquired by defenders of the country in the next war, if any, will average larger *per capita* than do those of present veterans.

"If a nation does not take proper care of the boys who have gone before, it might be difficult in future to get an army to do what armies of the past have done," said a member of Congress when speaking for a recently enacted pension bill. He and others argued that

liberal war pensions are "the best national insurance."

Thus generous pensioning becomes a more or less fixed policy of national defense. It would be of doubtful grace for me to question the validity of any kind of war pensioning. Yet it arouses in me some rather curious thoughts. For example, if the country should become involved in war within the next several years I would advise my boy, now of about the age I was when I enlisted, to get into a uniform as quickly as possible. I would do that for several reasons, not the least impelling of which would be the desirability of his qualifying for war pension rights. It would be virtually impossible for him to accumulate so easily and quickly in any other way the capital reserve those rights probably would approximate.

Despite the risks of military service in war time, it would be better for him to move toward the receiving line of pensions than to remain in the paying line only.

I cannot recall whether prospective pension money influenced me to enlist in the army. But I do remember that the affable recruiting sergeant wound up a line of sales talk with a statement something like this:

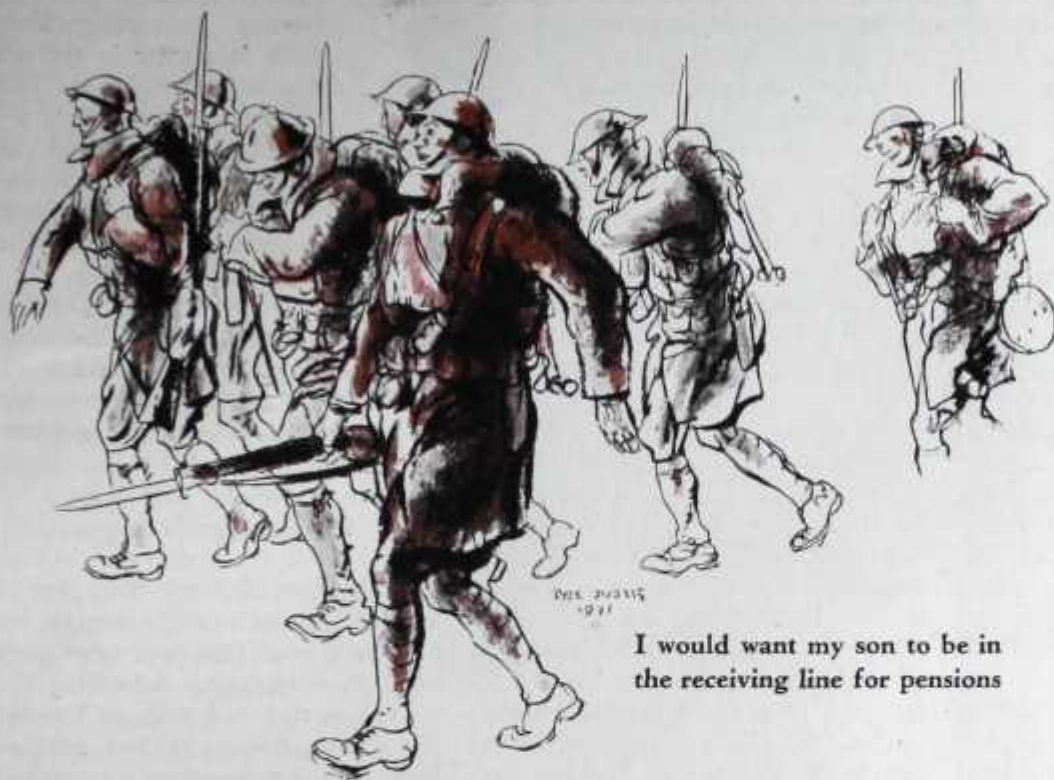
"If you get hurt, you will get a pension at once; but even if you come out



"Even if you don't get hurt you will be pensioned when you're old."

Best Investment

ILLUSTRATIONS BY LYLE JUSTIS



I would want my son to be in
the receiving line for pensions

average person, particularly so if we except those permanently disabled by wounds or illnesses.

Unquestioned benefit

PENSIONS were, of course, given immediately to those who had suffered permanent disabilities while in the service and to the dependents of those who lost their lives. The merit of that kind of pensions can't be questioned.

After about 20 years, pensions were provided for those of us who, because of disabilities, however incurred, were rated as unfit in ten per cent or greater extent to earn a living by manual labor. Thus I might have procured a pension for life when I was only 42. My life expectancy at that time was about 30 years.

The rates for my class of veterans have been increased twice since modified service pensions were proffered us nine years ago. The average of payment has about trebled in that time and now amounts to around \$450 a year. In a few years we will be receiving an average of at least \$50 a month, and I am confident of getting \$60 to \$70 a month before I am 60 even though my health should be fair for my age. In addition to increases which may be procured by showings of advanced disabilities—present base rates varying from \$20 to \$90 a month—we expect to get automatic increases every four or five years. I speak assuredly of what "we expect," because increases engage most of the thought, as former soldiers, of my class of veterans now.

Recently I attended a general reunion of the veterans of the war in which I served. Seventy-five per cent of all the talk I heard related to pensions.

"We have an unofficial and unchanging password now," said an old buddy.

★ **THE COST** of pensions for several American wars is greater than the cost of the wars themselves and the trend is for even greater liberality. Here a pensioner of the Spanish-American War describes his own experience and asks, "Where is this drain on the Treasury leading us?"

all right a pension will be given you when you are old."

Even middle age seemed mighty far off at that time, but what the sergeant said may have been the finishing off stroke of the "sale" of war service to me. I remember that we soldiers used often to speak of our prospective pension rights as a comforting assurance of old-age protection. It is the one bit of the sergeant's sales talk that was sustained fully by events. Its materialization was more fruitful than expected.

A pension for old soldiers

TODAY, I am receiving from the United States Treasury a monthly stipend more than twice as large as

that given me as pay while in the army, and it could be four to five times as large. The stipend is predicated on two conditions. One is a heart murmur and the other is my honorable discharge from the army. The two conditions have no relation to each other, as my discharge certificate proclaimed me sound when I was mustered out.

In fact, I probably am as strong and in as good general health as is the average man of my age, which is 51; and I dare say such is true of the average veteran who escaped serious hurts while in the service, as did some 90 per cent of those who have served in American wars. There is no question that military service, especially in active warfare, strengthens more than it weakens the

"It is 'How much are you getting?'"

Pension payments to me to date aggregate about \$2,000. For the period of life expectancy that was mine at the time the payments began they will average at least \$50 a month. The period is about 25 years. Should my death antedate hers, my wife will draw a pension so long as she survives as my widow. It is probable that \$15,000 will be collected in pensions because of my 21 months of war service. This is easily the equivalent of interest on \$5,000 for 25 years and that amount of capital, too. Death of course may curtail the figures in any individual's case, but the estimates are fair for the average of my class of veterans.

More costly than wars

THE class is that of the Spanish-American War, the Philippine Insurrection and the Boxer Rebellion. In it there were originally about 400,000 men. Because of the services of those men 30 years ago, pensions are paid today to about 225,000 persons and the number will increase during perhaps another ten years. Approximately a half billion dollars has been paid out on that account. It exceeds the cost of all the conflicts for which the pensions are paid and ultimately it will be several times as much.

But the grand total will be only a minor portion of all expenditures for pensions because of past wars. Payments because of services in the Civil War total about \$7,500,000,000 now. The annual total of these payments, now about 125 million dollars, began to recede only a few years ago, or about 60 years after the war. Beginning back

in the 1870's responsible authorities repeatedly declared that the peak of Civil War pensioning had been reached. The maximum number of pensioners because of that war was reached early in this century and was about a million—nearly half the number of men who served in the Union Army.

These figures give only slight indication of what may be expected in the way of future war pensioning. Forecasting must be based more on tendencies shown in the past than on statistics only. This calls for brief citation of history.

Pensioning for war service is one of the nation's oldest policies. One of the first acts passed by the Continental Congress provided for payment of pensions to persons disabled while in the Army of the Revolution and to the dependents of those who lost their lives.

For a long time, war pensioning was involved, as it still is slightly, with public land policies. It is probable that pre-Civil War veterans as a whole profited more from land grants than from money pensions. Even after what is now the Pension Bureau was set up in 1833 nearly 70 million acres of land was given as bounties for war services before 1855. Only about 70 million dollars was paid out in money pensions for service in the Revolution. The last payment on that score was made just a few years ago.

It was not until 1818 that pensions were paid for service without injury. Congress provided that \$8 a month be paid to all indigent survivors of the

Revolutionary forces. More men put in claims than had been in those forces at any one time and 18,000 of them were put on the rolls. A good many members of Congress were attacked and defeated for supporting the measure. The next Congress passed what is known as the "Alarm Act." It did not reduce pension rates but it eliminated about 8,000 from the rolls.

Similar "alarms" as to allegedly excessive and unmerited pensioning blared forth frequently in the next hundred years, but the Government never again took a step backward, though numerous presidents have used their veto power in allaying Congress' fervor for granting more and bigger pensions.

The politics of pensioning is curious. Presidential opposition to extravagant pensioning usually has been popular but a member of Congress always fears for his political life when he opposes a pension bill.

Pensions grow larger

UNTIL after the Civil War, pensioning, though increasingly liberal, was done on a scale that now seems penurious. At the beginning of the Civil War, the Government had paid out less than 100 million dollars for war pensions. More than that was spent for that purpose in the first six years after the Civil War. The sum seemed huge in those days but it was not more than the annual cost of administering all benefits provided for veterans since the World War. Changed terminology and

the variety of ways in which funds have been spent for veterans' welfare during the last ten to twelve years make exact comparisons of recent with past pensioning policies difficult.

The War Risk, now the Veterans' Bureau, was set up with the view of avoiding what used to be called pension grabbing and scandal. But this observing veteran has been unable to find much change for the better.

Through the Veterans' Bureau and its antecedent more than five billion dollars has been spent. This does not include payments of outright pensions granted World War veterans last year or recent

(Continued on page 74)



One of the first acts of the Continental Congress was to pension soldiers of the Revolution

Economic Freedom's Menace

By FRED W. SARGENT

President, the Chicago and North Western Railway

ILLUSTRATIONS BY E. B. WINSLOW

ARE WE in this country necessarily doomed to economic and political drift? If so, why? May we reasonably hope for a growing measure of economic and political mastery? If so, how?

These questions, taken in the large, look like windy matters of theory. But, unless I am mistaken, what we as a nation say to them now and in the immediate future will strike close to our pocketbooks, our happiness, our prosperity, even the form of society under which we live.

Consider the economic situation. For a year and a half, executives have been watching for signs of general business recovery; interest, dividends, pay rolls, depend on it. These executives have searched for causes and remedies.

We have had a confusion of prophets and diagnosticians. The result has been much uncertainty, considerable disillusionment. Many business men have lost faith in business predictions, no matter what the source, and have settled down to their jobs with the faith that if they do their "bit" the best they know, order will somehow come out of the mess.

By this I do not mean that they think, nor do I think, that we need to "go it blind." Not at all. Prophecy in reasonable doses is good for us. But we risk mental dyspepsia when we listen too trustingly to those whose views are highly colored by their immediate surroundings and business contacts and interests. Today some whose eyes are fixed mainly on foreign trade declare solemnly that if we forgive or scale down the foreign debt, prosperity will automatically fly



Government competition which destroys value of private property is a form of confiscation

by others as the chief villain in the piece. Some with a financial bias are positive we shall be well-off as soon as we achieve an international method for stabilizing the so-called price of money.

Blaming everything

OTHERS cry, "Lower taxes!" But usually they do not tell us how. Some think we have too much gold in America, others think we have too little. Others lay all our ills to the demonetization of silver in India, followed by world-wide depression in silver prices. A nationally known scholar says:

"Raise wages; lessen the hours of labor; lower prices."

When we do that, he says, our perplexities will vanish. I confess it would be delightful to do these things. But how they could bring back prosperity, even if there were a practi-

★ IF YOU had an opportunity, would you vote to scrap the Constitution in favor of a Government that means only what Congress at the moment says it means? We face that kind of Government, Mr. Sargent says, by gradual disintegration. Do we want it? The voters should consider it

back. Others insist that high protective tariffs are a chief source of our woes; they see in free trade, or in a drastic lowering of tariffs, a solution of innumerable difficulties. Even if they are right, is that all? Price-fixing by governments, in attempted contravention of the law of supply and demand, is seen

cal way of doing them, I cannot quite see.

Causes and causes! Remedies and remedies! For myself, the more I study the question, the less certain I am that I can point the finger and say, "That's what did it!"

I have come to believe that these

major economic trends are governed by such a variety of causes that they come and go as inevitably as the tides. I believe that artificial tinkering with this or that natural law, will, in the long run, have little or no effect in bringing about prosperity or preventing depressions. I have no hope that any panacea can be found which will cause people every-

Constitution in the hope that it would remain a standard and guide for governmental action. But we, a century and a half later, seem to be thinking very little in terms of that Constitution, and are tending more and more toward piecemeal legislation passed with no thought except temporary expediency. Here a law, there a law. Now this, now that.

Let us go back for a moment to the days of the founders. Fear of a too-strong central government was one of the great obstacles which framers of the Constitution had to meet. The original opponents of the Constitution argued that any federal government which acted directly upon the people, and not through state governments, would inevitably gather to itself functions and powers having to do with intimate local affairs; local self-government, they declared, would in time pass away.

Federal limitations

SEVERAL essays in *The Federalist* were devoted to answering these objections. Hamilton and Madison went to great pains to place before the people the thought that, under the limitations in the Constitution as written, no such result need be feared. They pointed out that, although the Federal Government did act directly upon the people rather than through the states, it was a government of severely limited powers. It had no powers indeed, they insisted, except those specifically granted to it, all

other powers being reserved to the people acting through state and local governments. In spite of all, however, the fear of dominant centralization was so strong that the question was put beyond doubt by amendments. The first ten amendments were accordingly proposed and promptly adopted. The tenth says:

The powers not delegated to the United States by the Constitution nor prohibited by it to the states are preserved to the states respectively or to the people.

One other amendment, the Fifth, further limited the Federal Government by denying it the power to deprive any man of life, liberty or property without due process of law; the same amendment also denied it the power to take private property for public use without just compensation.

Questions naturally arose as to the interpretation of those "limited" powers. The Federal Government, for example, had been given the right to levy taxes and borrow money.

Congress concluded that a United States Bank would be a handy thing in carrying out this function. The bank was duly formed. In course of time, Maryland attempted to tax it.



If we depart from the limits of the Constitution we shall be as a boat at sea, without rudder or compass, moving without law or purpose—drifting

where to shape their living in such a way as to prevent alternating periods of depression and prosperity. This, be it noted, is not acceptance of a theory of economic drift. To drift is to move without law or purpose. The tides of the ocean rise and recede with mathematical regularity. The tides of business also rise and recede. It is our obligation to know better than we do now the laws of these risings and recessions—not for the purpose, presumably, of preventing them, but for the purpose of adapting ourselves to them with fewer bruises and bumps.

A guide for government

AS TO the immediate future, I have no doubt that we have reached about the bottom of this present valley. I imagine that world forces are shaping themselves for an upward trend. If that be true, this is a time to direct our thoughts constructively to the concrete problems, social and industrial, that confront us.

With that thought in mind, certain problems of government seem to me to be of transcendent importance. I see a serious danger ahead in our national life. Our forefathers adopted a written

Drift! The founders of the republic did not believe in drift. They established principles to aid governmental mastery along lines which they believed to be wise; but they provided for orderly progress and necessary change.

Before examining further what is happening, let me confess my own philosophy. I belong to that school which holds that the greatest good will come to humanity as a whole by relying on individual effort and responsibility. I do not hope for continued progress if we shift to the government responsibilities that belong to the citizen. Nor do I believe that a free, democratic government can be maintained permanently if we shift to centralized government duties and responsibilities that can be discharged efficiently by local government.

As I see it, the very continuance of our form of government depends, among other things, upon training the people for self-government. Every time we relieve individuals and local communities of some of the responsibility of local self-government, and transfer the functions to a centralized federal government, we weaken the ability of our citizens to govern themselves.

"Nothing doing!" said the United States—or words to similar effect.

The case went to the Supreme Court for settlement of the contention that no specific power had been given the Government to charter a bank. Chief Justice Marshall disposed of this question in an epoch-making decision wherein he laid down for the first time the doctrine of "implied powers."

In brief, that decision, which was the precedent for many rulings, declared that the Federal Government, in exercising the powers specifically delegated to it, might adopt such practical measures as were reasonably necessary to achieve the ultimate object. The bank was held to be a "practical measure." Thomas Jefferson and many other brilliant minds of the period resisted the doctrine emphatically. They were afraid it meant the practical annulment of the Tenth Amendment. Time, of course, has proved the wisdom of Marshall's decision. We could not have had a strong Federal Government without the right to enact "practical measures."

But a century and more has passed. By piecemeal legislation, we have drifted further and further from the fundamental theory of the founders, the theory of a Federal Government as originally conceived. We have approached step by step the centralization of all government in Washington. I wonder if that complete centralization is what we want.

Drifting from the constitution

TODAY, some theorists go so far as to contend that the power to levy taxes and provide for the general welfare is broad enough to enable Congress to legislate, directly or indirectly, upon anything that has to do with the spending of public money or the welfare of the people. What, if anything, does that omit?

Perhaps the result has been for the greater good of all. A case, at any rate,

can be made for that view. In my own judgment, however, the public welfare in the long run is bound to be better served by holding true to those basic distinctions between local and federal; only making our changes, when we must change, not by evasion and subterfuge, but by the terms of the contract—that is, by amending the Constitution.

Illustrations of federal usurpation of power are plentiful. One of the most interesting for its evasion of constitutional obstacles is the practice commonly referred to as "Grants in Aid to the States." Congress appropriates money for vocational training through agricultural colleges on condition that the amount advanced by the Federal Government be matched by the states; and it is stipulated that the money must be spent in conformity with the desires and under the jurisdiction of the Department of Agriculture at Washington.

This agricultural program is easily extended to a system of county agents, until today these officials, in almost every county, are reporting to the state college, and through that to Washington. Again, Congress grants money on the same plan for building highways; here also upon condition that the states conform to the specifications and requirements of the Federal Government.

As the price of this aid, the states largely abdicate jurisdiction over the projects involved. Again, Congress appropriates money and enacts legislation for the care of infants and mothers. Broadly speaking, every thoughtful man is in favor of such aid. But some of us hesitate to agree that we should adopt *this means* of breaking down the line between the national and state governments.

Some of us believe that the sacred observance of contractual relations (if the Constitution may be referred to as a contract) means more to the ultimate happiness of all our people than measures which carry precedents for the

gradual destruction of the theory upon which our Government was constructed. Destruction, be it noted, achieved not by a conscious determination of the people to have it so; but because, by indifference and drift and the habit of years, they have let it be so.

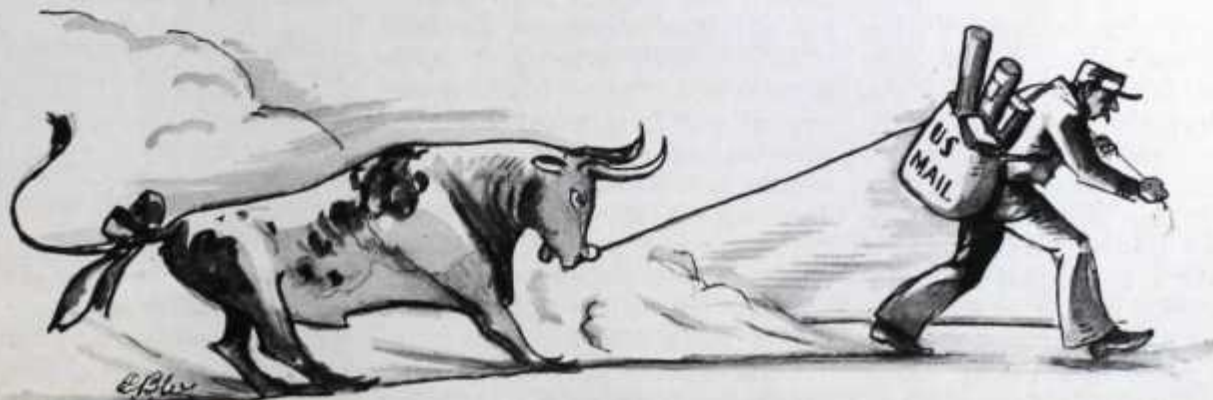
Changes should be open

WITHOUT good government there can be little progress for any of us. Without adherence to the compact contained in the Constitution, there is little security for permanent good government in the United States. The Constitution is by no means a holy of holies that cannot be changed. The founders provided an orderly method of changing it. So if the Constitution is to be changed still further, let it be done in the daylight, with the knowledge and consent of the people, in the manner provided.

But we have traveled a long way with the doctrine of centralized federal power. Precedent has established it. It is supposedly justified under the taxation and general welfare clauses. The Federal Government no doubt has become firmly entrenched in the right to invade the jurisdiction of the states.

What is done, is done. But now we are at another parting of the ways. One more portentous, perhaps, than any that has gone before. The next step of constitutional invasion is immediately before us; for there are those today who are saying loudly that the Federal Government should enter the field of private business.

In the Constitution there is no warrant for such a notion. The underlying theory of Federal Government is one of limited powers specifically delegated, or, under Chief Justice Marshall's decision, of powers legitimately implied from those delegated. The Federal Government is admitted to have certain regulatory powers in connection with interstate commerce.



Congress construes almost every conceivable article as mail. A prize bull may be mail

But nowhere is the Federal Government authorized to enter private business or to carry on any of those enterprises which from time immemorial have involved the ordinary conduct of barter and trade, purchase and sale, or the manufacture of articles for sale.

Wide definitions of "mail"

BUT see how things by crooked turnings arrive somewhere! Congress may establish post offices and post roads. Already this power has been strained almost to the breaking point in the direction of putting the Government into business. "Mail" at the time of adopting the Constitution meant "mail." Now, however, Congress construes poultry, live stock, farm machinery, groceries, indeed, almost every conceivable article, as "mail." A prize bull may be "mail." Through the parcel post, the Government has entered into intensive competition with other common carriers. Postmaster General Brown recently said that, except on sealed letter mail, the Post Office Department

has the keenest competition. The railroads, express companies, trucking companies, steamships and other common carriers compete with it in the handling of magazines, circulars, printed advertising matter and merchandise of every kind.

But this question is also behind us. No doubt we can do nothing about it, now. But the next threatened step is a far more dangerous enlargement of federal powers. It would involve the Government in a maze of private business that would threaten the security of the nation. See where this modern sport of "constitution-stretching" can lead us.

If the Government can manufacture and distribute electrical energy, then it can mine and transport energy in the form of coal. Nationalization of the power industry would be merely a first step toward the nationalization of all industry. If, under the pretext of regulating commerce, the Government can use the taxpayers' money to fix a minimum price for agricultural products, then certainly it can fix maximum prices for the same products, if the emergency ever arises, to alleviate urban distress. If Congress can use the taxpayers' money to manufacture fertilizer, certainly it can make farm machinery.

If it really has the power to do these things, then the theory of delegated and limited powers upon which the United States became a union is completely washed out. The door is thrown open to complete nationalization. Why stop at farm machinery? To aid in making implements, why not own and operate iron

mines, steel mills, sawmills—why stop anywhere?

I do not question either the motives or ability of some of those in Congress who advocate and apparently believe in putting the Government into business. But I do say that the time has come when heads must be counted. Either we in this nation do now favor individual initiative and effort and the right to conduct our private affairs under the Constitution as it stands; or we favor a Government without a Constitution; a Government that means only what Congress at the moment says it means. We must be willing to turn down the broad highway to nationalization.

I am opposed to this gradual disintegration of the Constitution by piecemeal legislation. It dries up the sources of federal revenue which can only be paid out of the profits of industry. It destroys the incentive and individual initiative that are the secrets of our progress.

We all know that the greatest incentive for achievement is the hope of reward on the one hand, or, in less measure, the fear of failure on the other. Remove these incentives; let all men begin to rely on government to conduct business and to dispense private beneficence—and the progress of the race will be at an end. Free government itself will be at an end, or in jeopardy, and the experiment of American democracy will have failed. I believe that if we abide within the limits of the Constitution we shall be safe; if we depart therefrom, we shall be as a ship at sea without compass or rudder.

Not only has the Federal Government no authority to engage in private business but to do so is a direct violation of the Fifth Amendment, which provides that the national Government shall not take private property for public use without just compensation.

There are various ways of taking private property. One is to take forcible possession and appropriate the physical property itself. Another is to enact laws that destroy the income from private property thus breaking down the earnings of private investments. The latter is just as clearly a taking of private property as the former. When the Government, with its unlimited powers and resources, enters private business to compete with its own citizens, thereby destroying the value of the property of the citizens with which it competes, it is taking private property without compensation just as if it had confiscated it to the public interest.

I can conceive that Congress might enter private industry as a by-product of the exercise of some proper govern-

mental function, but even then it can only do so and keep within the provisions of the Fifth Amendment by making compensation for the property of the private individuals that may be destroyed by government competition.

Confiscation of property

AT PRESENT the Government is in the transportation business on inland waterways. Let us concede for the purpose of argument that public welfare requires that the Government remain in the transportation business. Nevertheless, private investment injured or destroyed thereby should be compensated for in some manner unless we have abandoned not only the plain mandate of the Constitution but likewise all principles of common justice.

This is not all the story. Under an act of Congress known as the Denison Law, followed up by orders of the Interstate Commerce Commission, the railroads are required to turn over a part of the traffic which they have created to the Government to transport, and then subsidize the government operation by absorbing a part of the reduced rates.

All industry and all business must be conducted at the risk of changing economic conditions, new inventions and new processes.

Government competition, however, does not fall within this class of ordinary risks because every citizen has the right to suppose that his Government will not use the power and resources of all the people to destroy the business, the savings and investments of a part of the people.

No single thing could give more courage and inspiration looking to the revival of prosperity than the knowledge that the Government intended to maintain a sacred regard for the rights of private property as those rights have heretofore been supposed to be protected and guaranteed under the Constitution. I recall a statement made by President Hoover, in 1924, when he was Secretary of Commerce:

Either we are to remain on the road of individual initiative, enterprise and opportunity, regulated by law, on which American institutions have so far progressed, or we are to turn down the road which leads through nationalization of utilities to the ultimate absorption into government of all industry and labor.

My hope for the future of America is that the President will obtain sufficient support to enable him to translate into practical results the philosophy contained in that admirable and statesmanlike utterance.



Boy and Girl Scouts helped distribute clothing for the unemployed

They Sold No Apples in Hamilton

By JOHN KAYLOR NORTHWAY

A FEW months ago a group of men met around a table in Hamilton, Ohio. In the group were employers and employees, merchants and factory heads, city officials and leaders of social agencies. They met at the invitation of the directors of the Chamber of Commerce and they talked about hard times.

Hamilton was feeling the depression. Factories were finding it necessary to lay off men. Conditions were not yet serious but they might become so. These men had been summoned to prevent that, if possible.

They did prevent it. Out of their meeting grew the Hamilton Plan. Because of that Plan there have been no bread lines in Hamilton. No unemployed have sold apples on street corners. Every deserving worker has had a job and Hamilton has been made a better place to live.

The people who attended that first meeting were not alone responsible for the Plan's success. They had the cooperation of every man, woman and child in the city. The Hamilton Plan stands,



IN MANY American cities, community cooperation overcame the hardships of depression. In them unemployment was accepted as a challenge to the population rather than to the individual. Hamilton, Ohio, was one of these cities. Here's how Hamilton met its difficulties

then, as a monument to community teamwork. To understand the Plan it is necessary to know something about the community.

A manufacturing town

HAMILTON was founded late in the eighteenth century when General Arthur Saint Clair passed through on his disastrous expedition against the Indians. He built a fort there and out of it grew the town. It has always been almost exclusively a manufacturing town. Its

products have been largely staples—paper, safes, stoves, machinery. At the same time its industries have been so diversified that depression seldom hit all of them at once.

The stock market collapse of 1929 left Hamilton almost untouched. The majority of the city's 53,000 population are factory employees. As a class they have little interest in the stock market.

As the prophecies of evil produced by the market fall began to materialize the city still remained unhurt. A few factories were affected but the percentage of unemployed was not much greater than in ordinary years and a tremendous boom in downtown building cushioned the blow.

In the late spring and summer, however, Hamilton began to feel the pressure of hard times. More and more factories began to curtail production and reduce the number of employees. The situation was still far from serious and city street, park and general repair work continued to provide jobs for many.

But as winter approached, the situa-

tion had not improved. Factories were still running but economic recession throughout the country had curtailed markets considerably and pay rolls were still further reduced.

It was then the Chamber of Commerce called that first meeting. A plan was needed that would run quietly and smoothly, cause no unfavorable publicity and operate for as long or as short a time as necessary.

Help without charity

THOSE attending that first meeting recognized that a new type of financially distressed had been created—persons who had always worked, still wanted to work and who had a horror of even the word charity. This group had little in common with the regular charity cases which included those persons who cannot provide for themselves no matter how willing they may be and that class which drifts into a city and will not work but who cannot be allowed to starve. For these latter cases the city already had provision and this charity work was continued. It has not been increased greatly by the times.

It was to care for the others—the persons who preferred work to charity—that the Hamilton Plan was drawn up by a Citizens Unemployment Committee organized at that first meeting.

This Plan, presented to all employers in the city at a called meeting, was immediately adopted. It included six main provisions:

1. Give preference to Hamilton labor. Employ only such outside labor as is unavailable within the city.

2. Give preference to those who are supporting dependents, all other things being equal.

3. Employ only those married women who have no other means of support.

4. Wherever possible rotate employees to provide work for the maximum number or, in other words, distribute the work over the greatest possible number.

5. After employees who are now laid off are reemployed the situation can best be helped by obtaining additional labor required through the clearing house of the public employment agencies.

6. The city, the Bureau

of Social Work, and other agencies will maintain a clearing house, where all men deserving employment will be listed.

This Plan, as carried out, took care as well as possible of all men who were employed or might be employed by the factories. It tended to lessen the spread of hard times by cutting off further distress at its source, and it provided no loopholes for persons to drift in from other places and take jobs away from deserving native citizens.

The next step was to aid those whom the factories had laid off and would not reemploy for some time. City Manager Russell P. Price announced that city employees from himself down to the lowest-salaried employee had agreed to contribute 2.5 per cent of their wages each month to an employment fund as long as the crisis threatened. This action started an avalanche of similar voluntary contributions. City school employees made a like donation. Business houses, professional offices, factory personnels announced that they, too, would cooperate. At the end of the first month, William B. Wick, president of the Chamber of Commerce and treasurer of the committee, was receiving about \$10,000 a month in voluntary contributions.

A fund that provided work

THESE funds were used, not to establish bread lines, but to provide work for men who wanted wages most and

charity least of all. To see the plan in operation let us follow the case of an average man benefited by it, whom we shall call John Doe. He had, until last summer, been employed. His salary, though small, provided for himself and a large family. He was thrown out of work when his factory cut down its force, and with winter here is hard pressed. All he wants is an opportunity to obtain enough work to provide food and shelter for his family until times pick up and he can again be employed.

So John Doe goes to the free state-city employment agency where he registers his name and fills out a blank. His name is then turned over to the Bureau of Social Work, under the direction of Miss Isabel Beardsley. The Bureau investigates his case, and certifies to the city office the number of days' work John Doe should have that week, which, because of his large family, would be five full days.

John Doe is then given a slip which tells him when and where to report for work, which he does. At the end of each day's work he is given another slip showing the number of hours he has worked and the amount of wages due him. Twice a week the city makes a pay roll, and turns it over to Mr. Wick who pays off the workers.

The wage set by the unemployment committee is 37.5 cents an hour, or three dollars a working day, so that the \$10,000 monthly provides for about 27,000 working hours. Each week the Bureau

of Social Work makes out its list of men who need employment for that week.

This system, tied in with the program adopted by the manufacturers, means that not one person has been hired all winter who did not deserve employment, and at the same time all those who did deserve it have been provided for. Some errors have been made and a few deserving persons overlooked, of course, since no human system is entirely free from mistakes, but the errors have been surprisingly few.

As to the work that has been done, it has all been useful and needed. Several years ago the old Miami and Erie canal was abandoned. Since then the old bed has remained, an eyesore and a nuisance. The men have been put to work carting away debris and



JACOBI & RUSSELL, HAMILTON

Some of the unemployed calling at the store where cleaned and repaired garments waited

filling in the old bed. Parks, alleys, and streets have been cleaned and repaired. The city last winter installed new boulevard street lights, and some of the men were used to take out the old lights. A new boulevard is being constructed around the outskirts of town, and the men have cleared the timber off the road bed. This has been sawed up into fuel, which has been sold to citizens, through orders placed at the Chamber of Commerce.

Other men have been placed with regular city repair and maintenance gangs, and, since the winter has been unusually mild, the street gangs have been able to work most of the time. The



The Miami and Erie canal, abandoned a few years, was an eyesore and a rubbish heap; today (lower photo) it has been cleaned and leveled, ready to become a pleasant roadway



A few of the many men for whom the Hamilton Plan provided useful work

city has provided all trucks needed for this work.

Needy women have been put to work cleaning up the schools.

Since this work would have been done eventually and paid for out of taxes it is probable that in the long run the program is not costing the city any more than it ordinarily would have. As one feature of the program, a gigantic spring clean-up week is planned which will provide hundreds of odd jobs throughout the city. Unemployment, then, has only affected the city to the harmful extent of cutting down money spent above that needed for the necessities of life, and to the good extent of aiding in the program for a cleaner and better Hamilton.

Administration at no cost

THE cost of organization has been nothing. The city has done its share. The Chamber of Commerce has paid for printing, postage and other incidental expenses. The directors of the Chamber voted to give to the Unemployment Committee the services of Secretary J. E. Northway as coordinator and director of the various sides of the program. Mr. Wick has donated his time, as have



Chairman Frechtling, Secretary D. R. Baker, and other members of the committee.

But, although the unemployment program provides the necessities of food and shelter, the wage scale cannot be made high enough to provide adequate funds for clothing. With new babies being born, boys and girls constantly outgrowing old clothes, and adults wearing out clothes, the clothing question threatened to be troublesome.

It is impossible to avoid the semblance of charity here, but the work has been well done, nevertheless. Originally the Boy Scouts announced that they

would collect clothing which people did not need any longer. The city donated the use of an old fire house, and the boys took the clothing there. Girl Scouts sorted it and it was given to those who needed it.

Women distribute clothes

THE work soon became a large order for boys and girls so Hamilton women, under the leadership of Mrs. W. S. Rowe came to their assistance. Persons with clothing they no longer needed were asked to take it to any fire house. City
(Continued on page 80)

Business Has Always Had Its

By JOHN E. ROVENSKY

Vice Chairman, the Bank of America, New York

THE world suffered its first panic in 1635. It has been having them periodically ever since. After each one great numbers of persons come forward to tell us just what caused it and how to prevent a recurrence. In listening to these arguments I am reminded of the three blind men who were describing the elephant—each one was perfectly right and altogether wrong. For instance, practically all the so-called causes of panics before 1880 are nonexistent today, yet panics come with undiminished frequency.

It seems to me that any effort to isolate the cause of panics must be an effort to find the common denominator of all panics. To do that it is necessary to go back into history and study, not only panics, but the events preceding them and the times in which they occurred.

Panics as we understand them today were impossible before credit was introduced into our economic system. For instance when the manorial system prevailed in England, credit played no part in production and distribution.

Under this system—which did not entirely disappear until the sixteenth century—the lord of the manor owned the land and the work was performed by the villeins. The respective rights and duties of the lord and the villen were defined by immemorial usage. They both received their shares of the product of the land and labor in material goods which they exchanged in the towns for anything they happened to lack. Nobles borrowed occasionally from one another but commercial credit as we understand it was unknown. In fact, coined money played a relatively unimportant part. The towns used metallic money to some extent. There was no paper money.

Trade brought money

UNDER this simple system they had periods of famine and plenty, war and peace, pestilence and well-being but they obviously could have no collapse of credit or paralysis of commerce and industry.



Speculation by the poor as well as the rich caused the panic of 1720

About that time—the thirteenth century—a demand was arising on the Continent for English wool. This international trade—at first only with nearby nations—brought gold and silver into England and money was used to a greater extent; first in the port cities, then the towns, then the villages, and finally even in the trade between the manors and the towns.

Naturally, as foreign trade increased, the use of coins grew. In time the villeins, instead of paying their landlords with labor, began paying their land rent in money.

Commerce made credit

THIS change was gradual during several hundred years. As commerce grew in importance and political conditions became more stable, the practice of granting credit increased. Bills of exchange were introduced first by the Jewish merchants of Florence to avoid the unnecessary transportation of money and later as a means of concealing their wealth. By the middle of the seventeenth century the business men of London had developed methods that would seem quite familiar to us if we could transport ourselves back into that period.

It would seem that Providence, foreseeing that credit would beget panics, wished to provide humanity with an object lesson of the evils of speculation. This lesson was in the form of the first real speculative craze the world ever had. In it money, securities and credit played no part. It was pure speculation—void of any connection with industry or finance.

I refer to the "Tulip craze" that swept Holland from 1630 to 1635. The tulip—a native of the Orient—had been brought to

Europe and instantly became popular. At first a moderate boom developed in the cultivation of the flower. Holland was the center of the tulip business and in a short time the demand for bulbs became so great that an acute shortage developed. Everybody—not only growers—but merchants, princes and the clergy frantically bought bulbs at mounting prices.

Ups and Downs

ILLUSTRATIONS BY SYDNEY E. FLETCHER

At first the actual bulbs were delivered when bought, but soon a regular exchange business arose and bulbs were bought and sold on paper much as speculators buy and sell stocks today. One variety, called the "Viceroy," sold for 2,500 guilders (\$1,000), a large amount of money in those days. Another variety, the "Semper Augustus" sold for 4,600 guilders (\$1,850)—more than the price of a good farm. People sold their properties and speculated in tulip bulbs.

Frenchmen, Englishmen and Germans sent money to Holland to participate in this new way of amassing a fortune quickly. On all sides men suddenly became rich and spent money accordingly. The country seemed to be enjoying an era of unprecedented prosperity—all due to the frenzied marking up of tulip bulb prices.

A speculative boom

THE boom ended when a few men became skeptical and cashed in. Others followed and the crash came with the suddenness that characterizes the end of every speculative era. The result was bankruptcy on all sides, business depression, poverty and suffering.

Here we have the germ of speculative fever perfectly isolated. The tulip bulbs had virtually no present or prospective intrinsic value—the element of money or credit played no part—no tariff or other legislation had anything to do with this boom—no wars had brought it about or ended it. Here we have a lesson which I consider of more value in studying panics than the tomes of statistics that have poured forth from that day to this.

Banking—as we understand it—was introduced into England late in the sev-



Speculation by the poor as well as the rich caused the panic of 1929

enteenth century. The goldsmiths of London received money at first merely for safekeeping. They soon found it practicable to lend some of this money at interest. Soon they were paying interest on deposit and from these modest beginnings our modern banking business developed.

A panic came shortly thereafter—in fact several minor disturbances followed

★ THIS is not the usual discussion of what causes panics and how to avoid them. Mr. Rovensky admits he doesn't know when the next depression is coming. But he does point out some signboards which have always meant that bad times are in the offing. Unless human nature changes, this advice won't prevent a depression—but it can help you avoid the consequences

each other rapidly. The most notable of these was a run on the newly founded Bank of England (chartered July 27, 1694) in 1696. The run was fomented by the goldsmiths who were jealous of this new privileged competitor. The Bank was compelled to suspend but, with government assistance, soon resumed payments.

The first stock market panic took place in 1720. In many respects it greatly resembled the affair we have just passed through. Corporations were comparatively new inventions.

South Sea bubble

THE movement had its beginning in 1711 with the granting of a charter to the South Sea Company. This Company was granted a monopoly of fisheries and certain trading privileges with India, South America and the Pacific Islands. It increased its capital from time to time—the stock being eagerly snapped up—and by 1719 it had 12 million pounds (60 million dollars) of stock outstanding. It then proposed to refund the entire national debt of 250 million dollars. Its stock rose by leaps and bounds, 125 pounds in January 1720, 330 pounds in March, 550 pounds in May and in July it touched 1,000 pounds. All classes bought eagerly.

The success of the Company caused numerous others to be organized and their stock found a ready market. The prices of these stocks went up rapidly and everybody was getting rich. The stock of a company offered at six shillings in the morning went to 20 shillings by afternoon. The next week it sold at five times that amount and so on. Everyone—humble or high—was eager to subscribe for any stock that was offered. The *London Journal* of June 11, 1720, writes, "The hurry of our stock-jobbing bubblers has been so great this

week that it has exceeded all that was ever known. There has been nothing but running about from one coffeehouse to another, and from one tavern to another, to subscribe without examining what the proposals were."

Selling blue-sky stock

ONE or two projects of real merit were launched at this time, but the majority were mere bubbles. One was to "make butter from beech trees." Another for "making silver out of lead." Another for "building hospitals for illegitimate children." Another known as the Puckles Machine Company was for "discharging round and square cannon balls and bullets and making a total revolution of the art of war." Another for "teaching wise men to cast natiivities." But the crowning piece of folly was "a company for carrying on an undertaking of great advantage but nobody to know what it is."

Before you laugh at the credulity of these simpleminded Englishmen of 200 years ago, to whom corporations were a newly invented, mysterious mechanism, please reflect that in July, 1929—209 years later—sophisticated New Yorkers eagerly subscribed to the stock of a finance company which stated in its prospectus that it proposed to engage in highly profitable trading in securities and other enterprises not to be divulged!

The promoters of 1720 (they were then called "projectors") were men of great inventive genius. After 200 years, the promoters of today have been able to devise but slight variations of their schemes. Shares were offered on a partial payment and other attractive plans. For instance, the company with the mysterious purpose just mentioned required only two pounds to be paid down—yet it promised to pay dividends of 100 pounds a year.

Another asked only a shilling on every £1,000, 25 cents for every \$5,000. Thus every nursemaid, every day laborer, was able to participate in the speculative orgy, and the fever spared no class or walk of life.

The device of using prominent people as figureheads and thus attracting speculators was developed to an extent that has not since been equaled. The Prince of Wales accepted the governorship of the Welsh Copper Company and, after making £60,000 (\$300,000) by it, withdrew his name.

The Duke of Bridgewater formed an association for building houses in London and Westminster. The Duke of Chandos was the head of the York Building Company. The Chancellor of the Exchequer was party to a stock jobbing scheme whereby \$2,500,000 in

stock was distributed among secretaries of state and other officials.

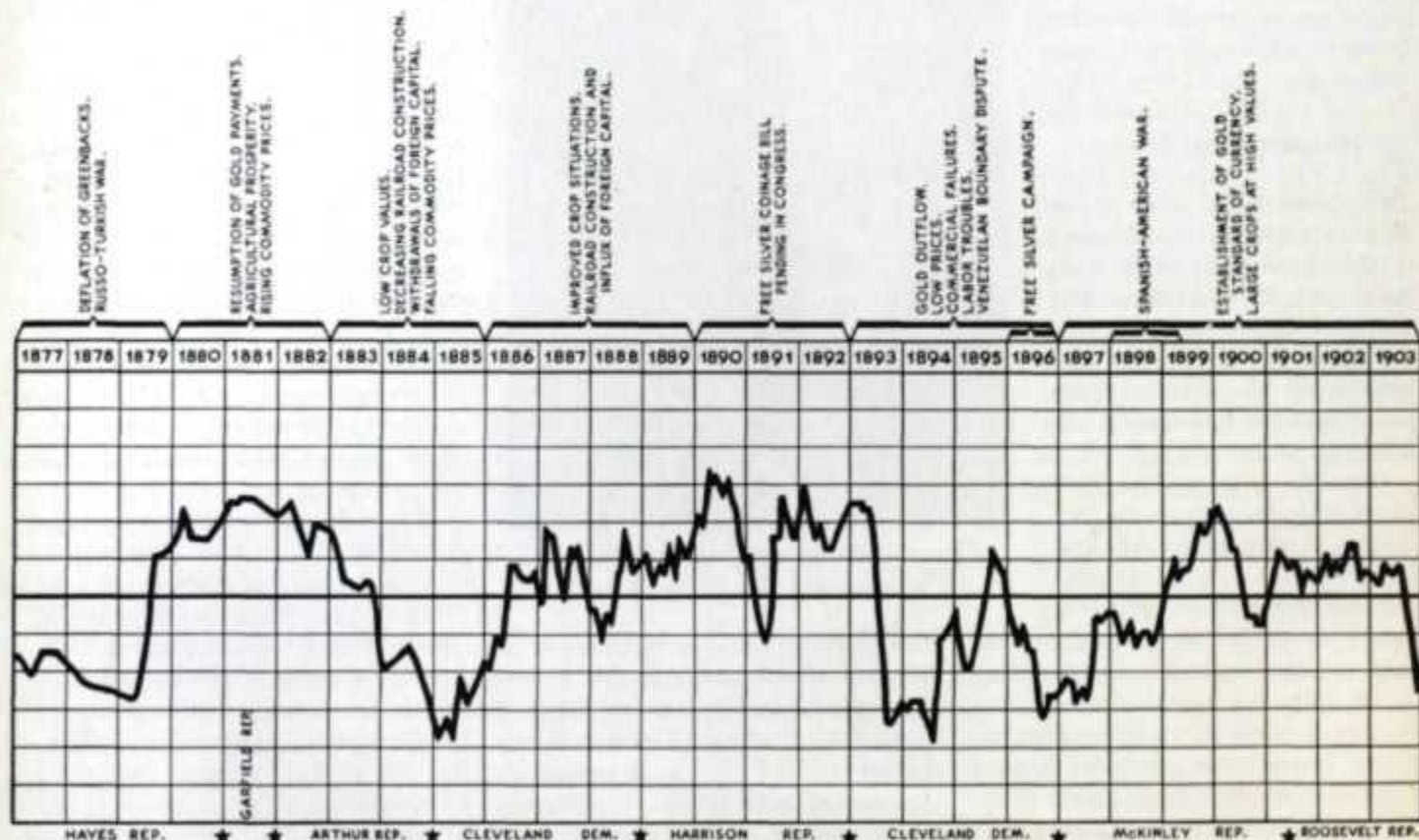
Great prosperity reigned.

The "South Sea Bubble" was pricked by a rather unusual method. The directors of the South Sea Company looked with contempt upon their imitators and, in the fall of 1720, began legal proceedings against some of them. South Sea stock was then selling at 850, somewhat off from the peak of 1,000 reached in July. The proceedings started a liquidation in the stocks of the attacked companies which spread over the whole market—and South Sea stock went down with the rest. Within a month the stock dropped to 175 and the entire market crashed.

Clamor for legislation

ALMOST universal bankruptcy followed. Men of high estate and menial servitors were reduced to a common pauperism. Business came to a standstill. The sufferings of all classes caused an uproar for revenge, and Parliament was appealed to. The masses, who a few months before, were eager to speculate, were now clamoring for laws against speculation and punishment for the projectors. Parliament did punish some of the more flagrant culprits and

THE RISE AND FALL OF BUSINESS



This is a chart not of causes but of coincidences. It does not follow from the list of events above the wave line of depressions and elations that those events were causes of the changes in the line; rather, that they

passed a number of laws which were supposed to prevent a recurrence of such orgies. How futile such laws are and how little humanity seems to learn from experience is well proven by the depression through which we have just passed.

I shall not discuss in detail the booms and panics that occurred between 1720 and 1929. It will suffice to state that since the adoption of the Articles of Confederation we have had in the United States—beginning with the depression of 1785—21 major depressions and a number of minor disturbances. Every depression was preceded, in fact was brought on, by excessive activity in some form or another. This is the point we ought to remember, that panics and depressions could not take place without booms and inflations. This statement may seem elementary but humanity has not learned this simple lesson.

After every panic remedies are always advocated, nearly all of them aimed at preventing panics and very few aimed at repressing the boom that precedes. The most important panics were those of 1837, 1857, 1873, 1884, 1890-93, 1907, 1920 and 1929.

An era of internal improvements preceded the panic of 1837. The Erie Canal and many other canals were built dur-

ing this period. Railroad building began. What started as a national policy of internal improvements ended with the building of many useless or at least premature ventures. The collapse of the boom was caused by a number of events—the most important being the refusal of Congress to renew the charter of the United States Bank. But these were only the matches that touched off the powder magazine.

Overexpansion brought a panic

THE next important panic, that of 1857, was mainly caused by a boom in railroad building. That of 1873—the most important between 1720 and 1929—was caused by a period of general business and financial inflation. Nearly 32,000 miles of railroads were built in the preceding five years. There was overexpansion in many other lines and stock market prices had reached unreasonable levels. The panic of 1884 was a bankers' and brokers' affair. The panics of 1890-93, 1907 and 1920 are recent enough to require no description.

That brings us to the greatest boom in history, 1929. It is curious that the first and the latest panics—1720 and 1929—were similar in many respects. They were mainly stock market affairs,

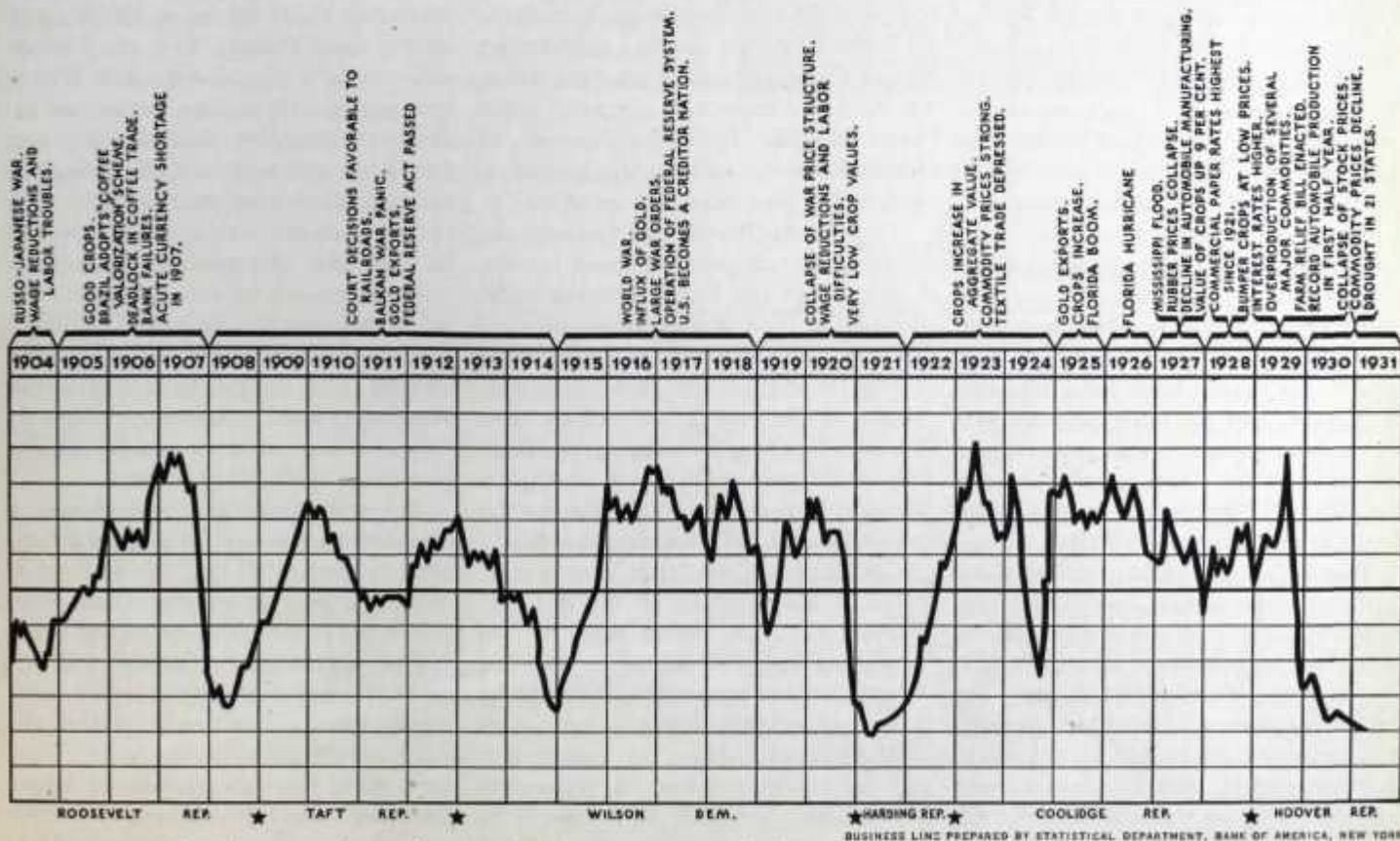
they were not preceded by a rise in commodity prices; commerce and industry were only incidentally in turn encouraged and then depressed by the changes in the purchasing power of the public. They are the only two instances when the poor as well as the rich took a major part in the stock market boom.

As in every other boom, that of 1929 started with a period of healthy improvement. It gradually grew into a period of frenzied inflation. The spread of the fever of speculation was accelerated by a number of factors. In the first place the general business of the country was, after recovering from 1920, in a remarkably healthy state. Second, the war had diverted to us a large part of the world's gold so that we held far more than our customary share. We had then and still have at least 50 per cent more gold than is necessary to form the basis of a healthy credit structure. This made credit easy to obtain. At first the stock market advanced normally, reflecting, as it ought to, the healthy improvement in business. The movement gained momentum in 1926 and 1927, and finally resulted in the insane speculation of 1928 and 1929.

What brought the general public into the market to such an unprecedented extent? The stock market panics of 1873 and 1907 were affairs that concerned directly only the "white collar" man of

(Continued on page 89)

COMPARED TO THE ESTIMATED NORMAL



occurred at the same time. The same is even more true of the synchronization of presidential terms. If that shows anything, it is that depressions and booms have no relation to the party in office

The Freight-Rate Issue

By RICHARD WATERMAN

Of the Transportation and Communication Department, United States Chamber of Commerce

SHOULD the railroads of the United States be authorized at this time to make a general increase in freight rates?

That question was raised as the outgrowth of a meeting held in Chicago on May 8 by the Association of Railway Executives, which represents all the principal railroads of the country. The Executives' Association according to reports, called upon the six regional rate associations to review the entire rate structure, each in its own territory, with a view to ascertaining what, if any, rate adjustments should be sought.

At the time this article is written (June 5, 1931) western and southern executives have not announced the results of their consideration of the question presented by the Chicago meeting. The eastern executives, however, have taken two steps:

First, they have asked the Interstate Commerce Commission to initiate on its own motion an inquiry into the rate situation as affecting the eastern lines. This the Commission is unwilling to do.

Second, they have announced that they will shortly file applications for certain rate increases on which they hope for prompt Commission action subject, of course, to public hearings.

General increase not expected

NO STATEMENT has been given out as to the character of the increases to be sought but there have been informal indications that the readjustment asked for will be selective, with increases on traffic which can stand it and which will not throw more traffic to the motor truck or other types of carriers.

Whether or not western and southern railroads take similar action, the proposed application of the eastern carriers will raise an important broad question as well as detailed questions. The broad question is whether, as a principle, railway rates should be subject to increase during periods of depression or whether under such conditions there should be a moratorium on rate advances.

In the present situation this broad question is qualified by the fact that

the net earnings of the railroads of the country as a whole and of the Eastern District in particular have in no single year since the enactment of the Transportation Act, 1920, come up to the rate of return adjudged to be fair by the Interstate Commerce Commission. Thus the gap between present railway earnings and a fair return is not due to the business depression alone. It can hardly be questioned that the roads have been in position at practically any time during the past ten years to file application for rate increases.

May not earn fair return

IT IS now well recognized that general business in the years preceding the depression years was on a very high level not likely to be materially exceeded for some time to come. It therefore appears reasonable to assume that under present rate schedules, regardless of savings through operating economies, the net earnings of the carriers are not likely to reach or exceed the fair return fixed by the Commission even after the return of normal times—this entirely apart from possible further diversions of traffic from the rails to the highways, waterways, pipe lines and airways.

If prior to the present business depression the carriers had been earning a fair return the broad question to be decided by the Commission would be a different one. In that case the question would be whether the fair return provisions of the rule of rate making were intended by Congress to be applied literally from year to year or whether a reasonable degree of flexibility in the application of the rule was intended.

Correctness of the latter view is indicated by the language of the law prescribing that the return shall be "as nearly as may be" equal to the fair return. In this connection it should be borne in mind that, under the provisions of the recapture clause, the government half of excess earnings in prosperous years is not available as a reserve to bring up earnings in lean years. Thus even the stronger railroads are seriously restricted by law in their opportunity

to accumulate surpluses in good times.

That the limitation of railroad earnings is to a large extent offset by a greater assurance of steady return than in businesses less subject to regulation is shown by the popularity of railroad securities for investment by savings banks, insurance companies and other fiduciary institutions. It is reported that the par value of railroad securities so held is about five billion dollars—one-fourth of the par value of all railroad securities owned by the public. In New York and other important states, railroad bonds are not a legal investment for savings banks and trust funds unless the road issuing the bonds has had, during a certain period of years preceding the sale, average net earnings equal to at least 150 per cent of its fixed charges.

What of railroad bonds?

THE question is now being asked:

"What will happen if net earnings of important roads fall below 150 per cent of the fixed charges, and their bonds cease to be a legal investment? Will it not only prevent savings banks and insurance companies from buying new bonds but also lead to their selling the railroad bonds they now hold?"

If this should be the result it would be little short of a national disaster.

There are only two ways in which the roads can increase their net revenues: First, by an increase in rates or in traffic or both; and, second, by a decrease in expenses which would inevitably involve a reduction in the number of employees or in their wage rate.

The eastern carriers by announcing their intention to ask for increased rates indicate their belief that this method of increasing their net revenue is both practicable and justifiable at the present time.

The Commission's action will, of course, be determined after public hearings at which all parties in interest will have opportunity to be heard. New rates must not only promise to afford the relief sought by the carriers—they must also be just and reasonable in themselves and otherwise in compliance with the rate-making provisions of the law.

A Clinic for the World's Business

By R. C. WILLOUGHBY

Of the staff of NATION'S BUSINESS

BUSINESS men from 50 countries attended the sixth biennial Congress of the International Chamber of Commerce in Washington. Why they came and what they accomplished is important, not only to business but to the world

"**I**T IS a new and better spirit of business that brings together the industrial leaders of nearly 50 countries," said Silas Strawn, chairman of the American Section of the International Chamber of Commerce, in anticipating the public service of the sixth biennial Congress of the International Chamber of Commerce which met in Washington for six days of formal discussion and man-to-man talk.

A hundred questions dealing with as many phases of world economy were discussed, among them war debts, reparations, tariffs, wages, the fall in the value of silver and the Russian experiment. Throughout the deliberations ran the thread of the basic purpose defined by the Chamber's retiring president, Georges Theunis, former Premier of Belgium, "to help hasten a general recovery from the present depression."

Franz von Mendelssohn, the new president, emphasized this note in a radio address to the convention from his home in Berlin. He advocated the application of "practical idealism and sober imagination" to solution of the problem.

In considering the depression the delegates sought to ascribe causes and to define remedies.

"Ours is a problem of the impoverishment that comes from plenty. And this, however difficult, is capable of solution and offers the richest prizes if we can solve it. If we can so refashion our system as to use fully our production capacity, to bring again into useful work those who now stand idle, there will be such a leap forward in prosperity as the world has never seen."

So said Sir Arthur Salter, head of the economic division of the League of Nations, in a statement to the Congress.

Clarification of problems

FROM the first, it was evident that the delegates had no idea of achieving a hard and fast recommendation which would answer the perplexing questions now being asked. Rather, the deliberations reflected an intelligent zeal and a mutuality of understanding toward clarification of present economic problems.

"At this moment when we are suffering from an economic crisis it will be of the greatest interest to compare our points of view, to exchange results of our personal observations and



Franz von Mendelssohn, of Berlin, new president of the International Chamber of Commerce

to define our conclusions in so far as they concern causes and possible remedies." Thus President Theunis defined the common concern that invited frank discussion.

The Chamber's job, he declared, is not to enforce the opinions or theories of any person, group, or nation, nor to act on behalf of the nations of the delegates. Rather it is to help those who govern the nations by expressing business opinion and offering the advice that business experience dictates.

To declare principles that would clarify rather than confuse, to provide visible evidence of consideration without disturbance to the international interests involved was a problem that could only be solved with compromise. This compromise is reflected in a resolution favoring an examination of the effect of international "obligations" on world trade "if warranted by changed economic conditions." In taking this action the Chamber reaffirmed its position at the Rome Congress in 1923, which is credited with having presaged the Dawes and Young plans for international debt settlements.

The resolution also inferentially advocated abolition of high tariff walls through a recommendation that world trade be forwarded "by the removal of every obstacle possible."

A third provision endorsed activities directed toward the reduction of world armaments. Two other sections advocated, respectively, separation of government from business and the control of government expenditures within budget estimates.

Nowhere in this resolution do the words "reparations" or "war debts" occur, but no one was in doubt of its meaning. The plain intention of the drafting committee was brought to nearer view the week after the Congress. At a banquet given for the delegates by the Chicago Association of Commerce, Mr. Strawn said:

Many causes of depression

"I SUBMIT that the attitude of the American delegation is plain, that we do not oppose the right of any nation to ask for reconsideration of its war debts and that we favor adjustment of inequalities in all tariffs, creating embargoes only against dumping and other unfair practices. We must remove all possible barriers to world trade."

How broad were the beginnings of the depression was disclosed in the individual assignment of causes. President Hoover, in his address of welcome, viewed the competition in armaments as a source of economic waste.

"We stand today," he said, "with nearly 5,500,000 men under arms and 20 million more in reserves. . . . This continues not only a burden upon the economic recuperation of the world but, of even more consequence, the constant threats and fears which arise from it are a serious contribution to all forms of instability, whether social, political or economic."

If all the delegates accepted in principle the President's suggestion toward a cut in armaments, it is apparent that they found other underlying reasons for the present dullness of world trade and industry, and that they had in mind other prescriptions for relief.

"The principal cause of financial stress must be found in declining fiscal receipts," declared M. Theunis, adding, "the fundamental cause of the unequal distribution of gold lies in the uncertain political situation and in the protectionist policies which prevent goods from taking the place of gold."

Sir Arthur Salter gave speculation as a source of the depression.

"No account of the origins of the depression," he said, "can ignore the speculative boom of 1929 that preceded it. Undoubtedly both in its first effects in enticing free money from other markets, and in the sharp reaction which followed, it helped precipitate and then to aggravate the trouble."

Tariff tinkering, government subsidies, and political uncertainties were advanced as causes by Jean Parmentier, director of the Crédit Foncier of France.

"The artificial assistance given certain producers appears also as one of the elements of persistency in the slump," he said in asserting that "too many governments have encouraged and even favored financially or by excessive tariff policies ambitious plans of production."

"The realization of these plans," he added, "even if only partial, leads finally to overproduction."

A tragedy of plenty stalked the stage through the prompt-

ings of Sir Alan Anderson, director of the Bank of England. By his report "we find ourselves today in all material things immensely rich, but we are all poor. We suffer because our warehouses are stuffed with cheap goods that no one will buy, and our harbors congested with ships that no one will charter, and our men, here, there, and everywhere are out of work."

Melvin A. Traylor, president of the First National Bank, Chicago, answered his own question, "Why have we failed?" in this way:

"I think I can point to certain conduct by leadership in industry, finance, agriculture, and government which may have been responsible in some degree for the inexcusable tragedy of the hour."

He charged that "every kind and character of combination and consolidation was made, regardless of its economic advisability or the possibility of economies in management or increased profits. Such combinations and mergers were promoted and securities sold on the theory that temporary earnings derived from a false demand not only would continue but would forever increase. Furthermore, these securities were not sold to those in position to buy, or who could buy for investment purposes, but rather to men and women fascinated by a desire to gamble for big profits."

Much was said about silver. The Chamber declared in favor of a conference at which all interested bodies may be heard for the purpose of seeking a solution to the problem. Japan's spokesman, Kenkichi Kagami, head of the Nippon Yusen Kaisha, pointed out that the decline in the value of silver "has a depressing effect on trade in China, India, Mexico, the Dutch East Indies, Siam, Indo-China, and Persia, and has reduced the purchasing power of these countries."

From the fixation of cause to the proposal of cure was a proper transition. Here again were honest differences of opinion, but the Congress dealt frankly and publicly with the obvious possibilities, as is indicated in the individual recommendations toward the cancellation of "political debts," the encouragement of trade with Russia, and reduction of armament. The idea that no nation is sufficient unto itself provided its own emphasis by repetition.

Lower taxes

LOWERING of taxes and increase of good will were defined as decisive objectives in President Hoover's vigorous representation toward paring down arms budgets.

"Within a short time," he said, "the principal nations of the world will meet to discuss reduction in land armament. The

calling of this conference is not only proof of need but is emphatic evidence of progress in the world demand for relief and peace. Of all proposals for the economic rehabilitation of the world I know of none which compares in necessity or importance with the successful result of that conference."

Government interference with the normal processes of



Alfred Falter, of Poland, spoke on the problems facing agriculture

trade was censured by M. Theunis in a statement which implied the expectation that business could be stabilized without official protectionism, price-fixing and "political manoeuvres."

"Protectionism, whether direct or indirect, in which governments are now engaged," he asserted, "prevents producers from considering their wishes in the light of reality and from assuming their share of responsibilities. Government intervention to fix the price of certain agricultural commodities is, in my judgment, an error. Experience has proved that such intervention can only prolong the crisis."

Peace as the sovereign condition for prosperity was ascendant in Sir Arthur Salter's eloquent plea for concerted world effort in research, in consultation, in policy and in action.

International debts

"IT IS clearly vital to the alleviation of this depression, as for every other reason," he said, "that the world should regain and retain confidence in the maintenance of peace."

As had been expected, the question of war debts was raised at the very beginning of the meeting. A spokesman for Great Britain, Sir Alan Anderson, phrased the issue in these words:

"Dr. Dernberg warns us not to put the full burden of international settlements on gold, a burden heavier than gold can bear. Would it perhaps be better to cancel international debts of political origin? Great Britain as the largest war creditor cancelled a great surplus of debts owing to her, and the debtor nations would vote for an extension of this policy, but the creditor finds it hard to accept as impartial the advice of the debtor to forgive him what he owes."

By way of indirect answer, the Republican administration stated its position through Secretary of the Treasury Andrew Mellon. Addressing a group of foreign bankers, he asked them "not to lose sight of the fact that solutions which may seem ideal cannot always be put into effect. One reason is that each government must deal primarily with the facts of its own case and is free to act only within the bounds imposed by national traditions, economic organizations and the limited understanding that exists in every country of other people's problems, and to the extent to which all of us are affected by conditions outside our own borders. The



UNDERWOOD & UNDERWOOD

Kenkichi Kagami, Japanese delegate to the Congress



Jean Parmentier, of France sees greater world unity

troubles which all of us face cannot be cured by any quick and easy method, or at some one else's expense and it is well to face that fact."

Unified opinion

CONFERENCE as an indirect means to ameliorate the economic situation was praised by Jean Parmentier.

"I should like to point out the importance of numerous conferences," he said, "which on technical questions are bringing about unity or a more harmonious condition in the legislations and regulations of the different countries. Tangible results have been obtained."

The imminent problem for agriculture, in the judgment of Dean Russell of the College of Agriculture, University of Wisconsin, "is to readjust its production to existing needs. The obvious way to get rid of a surplus would be to reduce production, but restriction of acreage is difficult if not impossible to enforce by governmental action. No country will attempt to limit its own acreage unless it is satisfied that competing countries will do the same."

Alfred Falter of Poland gave judgment in the same vein. "It appears that the agricultural overproduction cannot be, under present conditions, compensated by an increase of consumption," he said. "The scale of production should be, therefore, reduced and its development regulated by the growth of population. To adapt production to consumption is the only means to master the crisis in every field of economic activity."

Interdependence of nations

THE significance of the Russian experiment was put before the Congress by Hugh Cooper, president of the American-Russian Chamber of Commerce.

"I believe that world prosperity and world peace," he said, "depend on what we do about Russia. It will certainly not suffice to formulate discriminative embargoes and boycotts simply out of dislike for the Soviet Government."

The bond of common interest which holds the membership of the International Chamber in fraternal unity was discussed by Kenkichi Kagami.

"It is axiomatic," he said, "that no nation can continue to sell more than it buys. The prosperity of one is linked up with the other, so that the present economic systems of the world are interdependent and international."

More pointed was the comment of Dr. Henry Bell, a London banker. "America is a magnificent host, but a mighty poor customer," he said. "When Britain was a creditor nation she was willing to accept goods in payment of debts, but now that Britain owes America 150 million dollars annually America is making it as hard as possible for her to pay."

The consequences of failure to remedy the defects in the

established industrial system were envisaged as "a return to the Dark Ages," by Dean Donham of the Harvard Graduate School of Business Administration.

"Because I am convinced that we are vitally interested in stability, both here and in Europe, I hope and I expect that we shall not enter into bitter competition with Europe for the less developed markets of the world. In my judgment, Europe must keep those markets, certainly for the years immediately ahead, if it is to obtain stability and increase its own levels of prosperity. I am convinced that our future for the next generation lies in the planned development of our home market."

Considering the deliberations in perspective it is no doubt true that "in such a conference there was bound to be a good deal of firing in the air, much assigning of incidental and merely aggravating influences as primary causes" creating "more or less confusion of ideas." Equally significant are the comments evoked from domestic and foreign publicists, editors and officialdom, for their reactions stand as informal testimonials to the importance and representative quality of the views presented to the Congress.

A subsidy to foreign trade

IT WAS former President Coolidge who said "without considering at all the financial or moral obligation of foreign governments to pay their debts to our Government or the obligation of our Government to collect them, it is interesting to see what is involved in the argument that the debts should be cancelled to increase trade. Fundamentally this means the most enormous subsidy to foreign commerce that was ever proposed. This has a strange sound in the vocabulary of those who advocate that trade should be free and unrestricted. We would be involved in subsidizing the trade of foreign people out of money collected from our own people."

Another development of the Chamber's discussions was a radio appeal by Senator William E. Borah, chairman of the Senate's Foreign Relations Committee, in behalf of international government action to raise and stabilize the value of silver. Senator William H. King of Utah, one of the sponsors of the Chamber's resolution for a world conference on silver, also promised steady pressure by substantial groups in many countries to get action started.

Democrats who expressed satisfaction with the representations toward lowering the American tariff walls were chided by Representative Ramseyer of Iowa, member of the House Ways and Means Committee. The Democrats, in favoring reduced tariffs, he said, were aligning themselves with those foreign delegates who attempted "to dictate to the United States what should be done for the enrichment of foreigners."

Senator Hatfield of West Virginia charged the international bankers and foreign manufacturers "with deciding what the American Congress should do for the enrichment of foreigners" at the expense of American workers.

Representative Snell of New York, chairman of the House Committee on Rules, opposed reduction either of the tariff or war debts.

Senator Watson and Representative Purnell of Indiana also took exception to suggested modifications of America's traditional protectionist policy.

Senator Davis of Pennsylvania was moved to say that "these economic demands constituted the boldest affront of their kind ever offered to our nation. They offered our country a small foreign market in exchange for a wide open door into our home market. . . ."

"More political than commercial," Senator Shipstead, of

Minnesota, rated the meeting. "These people evidently forget that European nations owe us only for goods bought here and that we have plenty of mortgages of our own to pay."

While the questions of debts and reparations were being agitated in Washington, a Berlin newspaper printed an apparently inspired article saying that the German Government will take diplomatic action for revision of the Young reparations plan this summer by reason of the "catastrophic" decline of tax receipts, and "the immense burden placed on the country by the necessity of relieving the unemployed."

Arms reduction meets disfavor

FROM Paris a newspaper correspondent cabled that the implication "that the United States might make a further reduction of war debts if Europe would consent to disarm" has not met with a favorable reception on this side of the Atlantic.

From London came word that the British see little hope of restoring prosperity by arms reduction. Lord Herbert Scott, president of the London Chamber of Commerce, is reported to have said, "There seems to be some confusion of thought in the United States on this subject. It is not a question of concessions by the United States but a question of whether the United States can afford to lose her overseas markets, as she must inevitably do unless she is prepared to cooperate and enable her overseas customers to pay for her goods."

Russian opinion as phrased by *Krasnaya Zvezda* of Moscow saw the Congress as "a body of spiders biting each other's throats."

"Although it is assembled," the paper asserts, "to present a collective opinion as to a way out of the present economic crisis, and as to the future course to be pursued by capitalism, neither the Chamber nor any of its delegates has any idea how to cure the depression."

A similar conclusion was credited to Senator Borah—the conference "failed to produce ideas for a program of legislation which are important or worth while," a quotation reads. To remedy this "failure," the Senator proposed a meeting of "unmanaged" and "unfettered" business men arranged on the Soviet plan to consider such recommendations as they desire to make to Congress.

Theories tied down to facts

THIS senatorial reproach did not stand unchallenged. Representative Eaton of New Jersey took the Senator to task. Referring to the conventions of the Chamber of Commerce of the United States and of the International Chamber, he declared:

"The business men at Atlantic City and at Washington were fettered without doubt. They were fettered by the grim necessity of dealing with stern realities, rather than with wild theories. One of the urgent needs of our country is to have the next Congress fettered by these same realities. We need a minimum of legislation, strict economy in expenditure and a postponement of the enactment of untried economic theories into law until the country and the world are once more in a position to stand it."

In that crisp commentary is the text for a platform on which a new world might be constructed. As a valedictory to the delegates in session at the International Chamber's meeting in Washington, it invites belief that business men are not without honor—and appreciation—in their own, as well as in a foreign, land.

Business Views from 13 Lands

By HERBERT COREY

IN THE corridors the delegates to the Sixth Congress of the International Chamber of Commerce talked frankly. They displayed, or so it seemed to me, a cynical and amused tolerance for a world temporarily out of gear. In their public utterances truth was sometimes wrapped in phrases. In their conversations they were candid.

"We are no longer young men," said Tsuyee Pei, director of the Bank of China and representative of the Chinese National Committee. "Only young men can afford to deceive themselves. Because we have seen many things we are not frightened."

Georges Theunis added a commentary:

"Often," said he, "we have told each other the truth in this conference. Not all the truth, of course. We have not yet reached the ideal state. But—I think—more of the truth than has ever been told before at such a gathering."

The former Premier of Belgium and retiring president of the International Chamber is likable, cynical, brisk, humorous. Light on his feet as a boxer. An entertaining companion. A social philosopher who likes and laughs at humanity.

Bankers and leaders

"A BANKER said to me after Secretary Mellon's speech:

"The leaders have always tried to fool the masses. It is not so good to try to fool the leaders."

He sees frightened and confused nations erecting defences; statesmen taking short views; a failure to recognize that selfishness is folly.

"We should have spoken openly of Russia. A slave state has become a menace to the free world. Not only is it willing to plunge its masses into misery by dumping its products on a depressed world market below cost, but it is assailing the moral standards of the world.

"We did not say these things because certain nations are profiting by trading with Russia. Too bad. Yet I am cheerful over what was done.

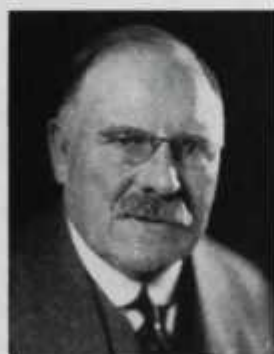
"Nationalism is growing everywhere but in spite of that we are able to discuss these things in good temper. That was a great advance. After all, we told each other as much truth as we could digest."

Not so many cinemas; more water in our tea; sturdier cloth in our breeches; more improving books and fewer mystery novels; more thought; not so much chatter; those



Georges Theunis,
retiring president

NO ONE can know a man through his formal addresses. Acquaintance can come only through informal meetings. That is how Mr. Corey met the delegates to the International Chamber. He talked to them informally and they talked to him. He describes these meetings so that you, too, may know these men better



Sir Arthur Balfour
urges a simpler life

headed for a simpler life, of course. Good thing for us, too. Look at the young people of today. Featherheads, chatter-boxes, always running to cinemas and dances. They never stop to think of the problems that are facing them. Couldn't think if they tried, maybe. We cannot go on paying the bill. We are in for a period of hard work and economy."

"Buyers will always buy cheap and sellers will sell dear—when they can. The merchant who continues to sell below cost will go bankrupt. Governments have tried to interfere with this natural law. It does not seem that they have succeeded."

Alberto Pirelli is president of the Italian section, an erect, courtly, positive man. He always knows what he wants to do and how to go about doing it. His eye is that of a commander.

"This world has always been getting into trouble. The less governments interfere the sooner it gets out."

Toward the end of the last century Europe had a serious agricultural depression. There was no hope in sight.

"Then what happened? The world reversed itself. Not being bothered by the interference of governments, an era of manufacturing began. Farmers moved into

are the things we are headed for. "Duller and better days?"

"Not a bit of it," said Sir Arthur Balfour. "The simpler life, that's all."

No quotations

ONE of the authentic leaders of the Congress. Stout, thrusting forward broad shoulders, a pace-maker, forceful. An aristocrat, a banker, a steel maker. Forty-odd times a traveller in the United States. For three years a moulder in mills in this country. An adviser to the British government in many crises. Fifty-eight years old.

"You told these things to the Overseas Writers. May I quote you?"

The rule of the Overseas Writers is that guests at lunch are not to be quoted without express permission:

"Wait until I get out of town. Don't start a hare while we are chasing a fox. What? But we are

headed for a simpler life, of course. Good thing for us, too. Look at the young people of today. Featherheads, chatter-boxes, always running to cinemas and dances. They never stop to think of the problems that are facing them. Couldn't think if they tried, maybe. We cannot go on paying the bill. We are in for a period of hard work and economy."

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Tsuyee Pei, director
of the Bank of China

the cities to work in factories. The standards of living began to rise. The buyer was permitted to buy and the seller to sell in the best markets. Something like that will happen again. . . .

"No one knows how soon."

"There are nine million people in Hungary, hard working and frugal, eager to buy more goods of the world. The world will not let us. Absurd and tragic."

Dr. Joseph Judik is the attorney for the National Bank of Hungary. Bald, slender, thick-rimmed glasses, brown-eyed, and almost sorrowful in his manner:

"Most of our nine million are farmers. Before the war they had markets. They bought and sold and were prosperous. Politicians have taken our markets away from us and we are slowly sinking. Nothing can help us except to give our markets back. Yet the world needs our trade. . . ."

"A few years?" asked Dr. W. Stucki, of Berne, Switzerland. "What are a few years in the life of a nation? Nothing at all."

Called the most profound student of economics in Europe, he addressed the Congress as a representative of the League of Nations. Tall, slender, bald, austere, pale eyes glinting behind glasses. An embodied intellect.

"I believe less in the good will and more in the intellect of nations. I do not despair. No country will put the interests of another country before its own. But it may be possible to convince all countries that economic forbearance and co-operation will pay."

He did not report progress along this line:

"Before this becomes a fact, immense labor and much time will be required."

Aftermath of extravagance

SPENCER WATTS represented the Associated Chambers of Australia and the Sydney Chamber of Commerce. A general merchant, square shouldered, alert and keen. Bright blue eyes sparkling behind small, almost round, gold-framed glasses. He said:

"There may be a revolution in New South Wales. I hope not. I do not believe there will be. I trust the good sense of our people. We are suffering for having turned our democracy over to demagogues."

"In the seven most prosperous years New South Wales spent all its revenues and went into debt 236 million pounds. Then the lean years came. New South Wales tried to go on borrowing. First London refused. Then New York turned cold. Premier Lang addressed the Labor Party which had put him in office:

"If I pay the interest due on the debt we owe foreign bondholders I cannot go on paying unemployment benefits. What shall I do?"

"Pay us," said the crowd."

The breakdown has been progressive. The state savings bank is in trouble. Internal loans are endangered. When no more money is to be borrowed the state must either shut up shop or put another government in power which can regain confidence.

"Anything may happen."

"Ford's brew increased the prosperity of the United States," said Rolf Westad. "It made Norway drunk. Now we are recovering from our hang-over."



Alberto Pirelli, head of the Italian section

Youngish, blue-eyed, strong-shouldered, friendly. In the wood pulp business.

"There were many small pulp mills in Norway. Little villages had grown up around them. In Norway the Government controls forestation and our trees are a permanent crop. The small mills were prosperous and the little villages happy. Then the Ford idea seized us.

"Norway built huge, efficient, low-cost mills, but forgot to provide the buyers. Under the laws of Norway and the contracts with the unions, unemployed men must be paid bene-

fits. That is all right for awhile. But after a time it becomes ruinous. The men are beginning to see this."



Sir Alan Anderson isn't discouraged

Labor and Communism

"ONLY Labor can save itself from Communism. The rest of us cannot save Labor."

Chr. Bonge is one of the great bankers in Bergen, Norway.

"If the Russians are able to put over the Five-Year Plan they will dislocate conditions everywhere. Bankers and manufacturers will

be helpless to prevent the spread of Communism if Labor favors Russia. Let us face that fact."

Mr. Bonge believes that Labor is usually wise when it has all the facts.

"Labor outside of Russia does not understand that the Russian slave labor is competing with its own free toil. If organized labor understood the conditions under which the Russians live it would be against Communism to a man.

"Labor is practical. If you convince a laboring man that under Communism his meals will lack meat and never have pie, his clothes will be ragged and his hours long he will compare that state with his present state and refuse it.

"He cannot make that comparison unless he can see Russian conditions with his own eyes and hear Russian stories with his own ears. Employers should aid Labor to know Russia as it is.

"This is coming about in Norway. The latest vote showed a turn back from Socialism. Labor is realizing the danger. It is true a strike is on, but that only means that the necessary readjustments have not been made. We are on the up-grade again."

Marcel Le Bourgeois is vice president of the Chamber of Commerce of Rouen. A handsome, quiet man with a detached and observant manner.

"Do not forget to say that Rouen is the first harbor in France."

This having been attended to, M. Le Bourgeois noted that France is prosperous and safe.

"In France we save. Then we have. We do not believe in the American policy of 'spending until it hurts.' It may hurt too much. We do not favor instalment buying. The man of small means in France finds the laws have made speculation difficult for him. It is true that we have speculation on the Bourse, but we could never see the spectacle of your Wall Street on which poor men and women can gamble. We would not allow them."

Yet not long ago there were two great bankruptcies in France. Men and women of small means were the victims in both cases.

"True," mused M. Le Bourgeois, sadly. "True. . . ."

"Sometimes the more genius the more muddle. . . . It

is Jean Parmentier speaking. Slender, decisive, broad and tolerant. Once a member of the Dawes committee. He looked at the world crash:

"Great capital had been piled up by financial genius. It was made available to industrial genius. Modern production methods demand a tremendous equipment. That compels a vast organization for widespread distribution. Considerations of economy compelled mergers which were in the end able to exceed the normal requirements of the world. Genius at every turn.

"Governments were called on to prop up the tottering structures. More genius there. But genius oversteps itself. The international situation cannot improve until production is reorganized by industry itself. The state should keep its hands off.

"The normal function of the state is to enforce discipline. Not to provide a hothouse."

"Donham's talk was nonsense," said Owen Jones. Square-built, brown-eyed, pipe-smoking, forthright; British Commissioner to the headquarters of the International Chamber of Commerce and editor of *World Trade*. Wallace B. Donham had suggested that, in the interest of the other nations, the United States let go of the foreign trade:

"Nonsense. We all want to sell more goods so that we can buy more goods. Simple."

He thinks the up-turn must come soon. The world market has been denuded of goods. Buying must start before long. Then there will be a series of pendulum swings. Meanwhile, Eastern Europe must be watched. It is still a danger spot.

"We must do things," said he. "Not just say things."

"The coffee situation in Brazil is fast curing itself," said J. E. Phillippi of Rio de Janeiro. "Simple enough. Natural law is at work again. It is not likely that Brazil will thrust another thumb in the machinery."

Results of pegged price

BY chance there were no accredited delegates from Brazil and Mr. Phillippi offered himself:

"Some one should speak for our Chambers.

"Brazil," said he, "is a heavenly land. No one can starve there. No one need work hard. Investors expect 15 or 20 per cent for their money—and get it. Years ago money was made in coffee. Too many planters went into the business. To save them, the Government tried its valorization plan. All the other countries in which coffee can be grown took shelter under it. Coffee prices went to pieces.

"The valorization committee is working off the huge stock it took in to save the situation. When that has been disposed of the coffee situation will have returned to normal. No new plantations

are being set out. Unprofitable old ones are being allowed to grow up in underbrush. Presently coffee raising will again be profitable. Then Brazil will regain command of the situation, for no other country can compete with us. . . .

"Unless Brazil tries again to peg a natural law."

Favoring international free trade

"I AM convinced that the capitalistic world is in danger if something approximating free trade is not evolved. It is time for business men to lead and for politicians to listen. We have had too much of the other thing."

Charles Ernest Henri Boissevain, handsome, kindly, very much in earnest, more than middle aged. Member of the Amsterdam Chamber, president of the *Amsterdam Journal of Commerce*, president of the International Society for Commercial Education, and manufacturer of synthetic nitrogen products.

"Under free trade prices would be lowered, trade would revive, and 'real' wages would not decline. The products of Russian slave labor could not be marketed in competition with the manufactures of skilled freemen. But they can be and are saleable on the protected markets because the Russians do not consider cost. Wherever Russian goods are dumped today an industry is being injured.

"If the Russian Five-Year Plan is successful then we will find ourselves in a bitter economic warfare."

"Canada's ten million people increased their exports since the war by an amount only second to that of the United States and the percentage of increase was greater than that of any other country."

Floyd Chalmers speaking. Tall, blond, blue-eyed, seemingly very young to be the editor of the *Canadian Financial Post*.

"We propose to go on increasing. For sentimental reasons we might prefer to trade with Great Britain, but not if it costs us money. If Great Britain hopes to hold her share in our market, a preferential tariff must be evolved under which we can get as well as give."

Mr. Chalmers noted that British industrial and merchandising methods have improved:

"Not yet as good as those of the United States."

"I wonder if you know that a demonetized silver is forcing a new competition from China?"

K. J. Middleton, of Seattle, spoke for the silver-believers of the western coast. Straightforward, unaffected:

"A steel desk made in England once cost \$200 in silver in Shanghai. Now it costs \$800. The Chinese made a steel desk to sell at something like the original price. It looks like the English desk. Not so good, but good enough. They will continue to manufacture in opposition to the West because demonetized silver forces them to do so."

"Within five years," said Sir George Paish, "we shall have either universal free trade or universal ruin."

At the outbreak of the World War the Chancellor of the British Exchequer followed Sir George's advice and saved
(Continued on page 78)



Sir George Paish sees free trade or ruin



Floyd Chalmers points to Canada's exports

DR. Joseph Judik describes the plight of Hungary; Spencer Watts fears a revolution in New South Wales; Chr. Bonge says only Labor can save itself from Communism; M. Boissevain sees capitalism tottering without free trade



Sir Harry Brittain, aviation enthusiast

Taxes Threaten Retail Growth

By ALBERT H. MORRILL

President, Kroger Grocery & Baking Company
President, National Chain Store Association

A TAX bill that doesn't bring in enough revenue to pay its own cost of operation is in effect in Kentucky, according to estimates made by certified public accountants. The measure, known as the Kentucky Sales Tax Law, although titled as a license tax, imposes a rapidly graduating tax upon the gross sales of retail merchants.

Originally the bill set forth that it was an act to restrain chain-store competition and to aid individual merchants, but it was passed under the title, "An Act relating to revenue and taxation, imposing an excise or license tax upon retail merchants." It provides for a multiplying tax rate which begins at one-twentieth of one per cent on gross sales up to \$400,000 and increases with each additional \$100,000 until it reaches a rate of one per cent on gross sales exceeding one million dollars.

So, under this license tax, the measure of a merchant's privilege to conduct a retail business in Kentucky is his volume of sales.

It was predicted that the bill, sponsored by independent merchants' associations, would draw two million dollars into the state coffers.

The bill was signed March 17, 1930.

As soon as the collection machinery was set up, tax return schedules were sent to 55,000 retailers.

An analysis of the situation, more than a year after the law was passed reveals that only 17,434 returns have been filed.

These returns indicate that the total number from whom a tax is collectible is 11,037. The number of merchants in business and reporting is 16,374. This number reported gross sales of \$260,416,723. The tax on this sum is \$137,088.98. Credits allowed are \$71,432.78, making a net tax liability of \$65,656.20.

Accountants estimate that the cost of preparing, filing, indexing and mailing the 55,000 schedules was ten cents each, or \$5,500. The cost of clerical help and services of auditors in checking and examining the returns was estimated at \$5 each for the 17,434 schedules returned or \$87,170. Thus the entire cost

of operating the department was \$92,670 or \$27,013.80 more than the tax collectible.

The provision for the allowance of credits is interesting. Although the sales tax may not be paid in lieu of any other special tax, nevertheless "should any retail merchant, as defined herein, be liable for and pay any special state license, excise, occupational or corporation license tax under the laws now in force, or that may hereafter be enacted, credit may be taken on the tax levied in this act. . . ."

Small stores have deductions

THE group which is contesting the law contends that this offsets entirely the relatively small tax levied on retail merchants whose annual gross sales do not exceed \$400,000.

Now, the chain stores have always taken the position that they are willing to pay any tax which might be levied on all merchants without favor and without discrimination.

But under the Kentucky law, in practical effect, only department stores which own or manage more than one department in a single store, and individuals or corporations with more than two stores, and having gross annual sales aggregating more than \$400,000, are subject to taxation in any appreciable amount.

The relatively small tax that some merchants will pay is disclosed in this present study, which shows that 1,255 merchants report a tax of less than 50 cents, and 1,324 report a tax of from 50 cents to \$1. Only 48 report themselves as subject to a tax of from \$100 to \$200. The average tax of the 11,037 merchants who are liable for tax payments is \$5.90.

Even if the chains and the department stores are finally required to pay the tax provided for the highest brackets the total sum that could be realized would be about \$400,000—\$1,600,000 less than was promised when the agitation for the tax was in progress.

At that time the cost of operation of a gross sales tax department probably

was not considered.

Although this may cause concern for the legislature there is another aspect of the Kentucky sales tax law which is far more vital to the large retail firms of the state. It tends to limit profits of merchants whose volume is large but whose profit is exceedingly small. For example, this study reveals that a firm operating at one per cent profit, with gross annual sales of 15 million dollars cannot make a greater profit than a concern whose gross sales are only \$1,000,000.

A net profit of one per cent in the retail trade is not unusual. Harvard Bureau of Business Research report No. 83 states that "the average profit reported by more than 600 department stores and specialty stores in 1929 averaged less than one per cent."

A comparison of sales, profit and tax figures shows the limitation of profit imposed by the Kentucky law. On gross sales of one million dollars the tax is \$3,050. Profit at one per cent is \$10,000. Deducting the tax from the profit leaves a net profit of \$6,950. On gross sales of 15 million dollars the tax is \$143,050 and the profit at one per cent is \$150,000. The net profit is \$6,950, exactly the same as on gross sales of a million dollars.

What is the effect of this statute but to penalize a large concern for its size, to discourage the growth of business beyond a certain limit, thus defeating its own purpose?

Under this law it would be more profitable for the large retail organizations of Kentucky to limit their sales to about \$400,000 a year rather than try to increase their volume. It would be to the advantage of retail firms now enjoying gross sales of a million dollars to close up some of their departments.

The law is a boomerang. It was aimed at foreign corporations but it swung back and hit the large native business enterprises. It was designed to raise two million dollars in revenue but the schedules filed indicate it cannot raise more than 20 per cent of that sum.

Its effect upon retailing will be to create a dead level beyond which business cannot advance.

New Things the Chemists Offer

By H. E. HOWE

Editor, Industrial and Engineering Chemistry

CHANGE has come to be recognized as the one constant factor in modern industry. The manufacturer who can predict from what quarter will come the next change to affect his business, and consequently in what direction he must guide his development, is indeed fortunate.

Changing consumer habits, increased competition due to diversified rapid transport, the variance due to economic principles, are more or less understood. Until recently when the average business man spoke of research, he had in mind the sort of investigation which trained statisticians, economists, and the like could make to show him the trends. Today new forces make themselves felt with amazing rapidity. But there is nothing to fear but ignorance. Knowledge brings courage to face whatever business trends the future may bring.

Perhaps the group which, more than any other, has been both the hope and despair of industry has been that conducting research in chemistry, physics and mathematics as applied to industrial processes and products. Biennially some of the results of this work are displayed at the Exposition of Chemical Industries. A look about there will give the vigilant some idea of what may be expected to help them, and perhaps some of the things which may give them pause if they do not prepare themselves in time.

Plastics are growing

PERHAPS you feel you know all about that group of compounds known as synthetic plastics. You are inclined to say, "Oh, yes, I know—Bakelite and that sort of thing." The facts are that synthetic plastics and resins of that type are steadily permeating all sorts of industry, and that some products which were believed to be well entrenched are beginning to feel the pressure.



The chemist has given the pie industry a paper plate as white as china in which a pie can be baked

THREATS against the unwary, opportunities for the alert—that was the significance of the discoveries displayed at the Exposition of Chemical Industries. Already some established businesses are changing their ways to keep abreast of these developments. None dares to lag

Perhaps the outstanding contribution in the field of protective coatings in the past year has been the perfection of a type of phenol resinoid which has helped to make possible the two-hour and the four-hour varnish. This has made added competition for the older type of varnishes, has disputed a portion of the field with nitrocellulose lacquers, and seems to be casting an eye toward the automobile finish business.

Year-old test panels indicate that these quick-drying varnishes may do a better job against sun, rain and even sea water than older types.

These resins may even compete with

the oils and rubber mixtures for a place in the raincoat and waterproof field. Processed with canvas and similar strong fabrics, such resins continue to contend for some of the wheel and gear business. More recently they have been formed into pipes and pipe fittings, thereby challenging hard rubber and some of the alloys.

New alloys are made

WHEN one turns to metals and alloys, he becomes convinced that development may lead nearly anywhere. Some of the older materials hold their own for special applications, but the corrosion-resistant materials are making rapid strides both in equipment such as the chemical industry needs and for such large structural uses as have been demonstrated in the Chrysler and the Empire State Buildings in New York.

Production of these alloys is being refined. The high-chromium, high-nickel steels are usually made by adding ferrochromium to the melt. Now comes a method of smelting the iron and chromium at one time, giving an alloy running as high as 18 per cent chromium and with some special desirable characteristics.

Elements which until recently have been considered comparatively rare and somewhat outside the possibilities of commercial exploitation now boldly come to the front. Tantalum, the metal which permits electric current to pass in one direction only, is now offered as a protective lining for special sorts of commercial apparatus.

Rhodium and palladium, two elements commonly associated with platinum, are being plated in films which are thin enough to be comparatively inexpensive and yet possess the ability to protect the underlying metal against tarnish. Tableware plated with palladium has already appeared.

While nickel combined with chro-

mium in steel has so far given us our best corrosion-resisting metals, prices have been high. Now comes nickel in a new guise to compete for some of this business. A plate of nickel is rolled at a high temperature with one of steel to produce a plate with the finish of hot rolled steel. One side is coated with the nickel.

Rubber in many new uses

RUBBER steps out with improved linings and protective coatings for certain apparatus. One method of coating metal tanks and drums with a firmly adhering coat of rubber is a valuable by-product of research undertaken with quite a different objective in mind. Improvements continue to be made in such a coating.

Rubber emulsions that can be spread upon wooden tanks or metal structures to afford well-nigh permanent protection have appeared. Another compound for such uses is made by a cold process directly from the rubber latex in the Far East. These linings are soft. They resist abrasion and are impervious to many liquids.

The electro-deposition of rubber, long considered impossible because of the high electrical resistance of rubber, is now offered commercially. Wire screens and many complicated metal parts can be satisfactorily coated by rubber plating and, fortunately, the compounds necessary for acceptable vulcanization plate on with the rubber. Subsequent vulcanizing makes possible anything down to hard rubber itself.

The oldest resistant to chemicals which we know is stoneware. Challenged by these new materials, stoneware manufacturers are developing new products. Many pieces of apparatus like pumps, coils, and special designs command attention.

The number of solvents continues to multiply. The wider choice of these materials together with the new resins is meaning much in lacquers, varnish, and protective coatings generally.

Today the manufacturer who can offer something that will even slightly improve a process, method or apparatus and which, while requiring small space, has great capacity, commands attention.

From the research laboratory of a glass manufacturer has come a pipe fitting to be placed in a line to permit observation of liquids as they flow by. Such a fitting may be slipped into the line at any place. The glass has ample strength for such service.

A new type of down-feed filter working with granular precipitates handles some 15 tons a day in an area hardly

greater than that occupied by an office desk. Flow meters, pyrometers, and many applications of the photo-electric cell show the extent to which industry is beginning to demand devices more accurate than the human machine.

We are accustomed to seeing neon signs and glow tubes. Now a small neon glow lamp which requires only a small amount of power and which can be used as an indicator rather than for its illumination has become available.

Cellulose acetate, one of the most interesting as well as important of the cellulose compounds, promises to make itself felt in many directions. It is already one of the best of the chemical fibers for textile uses. Now it has appeared in thin sheets to perform protective work such as cellophane now does. Cellulose acetate has been handicapped somewhat because of its higher cost, but new methods have reduced the figure and promise to lower it even further. Available as a solid, in solution, in sheets, in fibers and cloth, it becomes attractive as a raw material as well as a finished product.

Iodine is essentially a by-product in the preparation of Chilean nitrate. Its world price is controlled to a certain degree by the production permitted. Now some iodine is being made in the United States. Another monopoly seems destined to be broken.

Revolution in pie plates

THE chemist has even come to the help of the pie industry. The commercial pie baker has always had a problem in pie plates. The tin ones were rather expensive and easily bent, rusted, or lost. This seems a minor item until it is recalled that one great bakery is said to produce more than 500,000 pies a week in one of its several plants and that one New York restaurant chain uses some 600,000 pies a week. Recently a chemist took some titanium oxide and sodium silicate, or water glass, and coated a plate he had made from a special paper fiber. The result was an inexpensive plate, as white as china, on which the pie could be baked and sold.

If you care for statistics, the use of such plates for all commercially baked pies in the country would necessitate the use of not less than 50,000 tons of paper pulp a year and might require more than 80,000 tons.

Some of the newer things of today may be commercially accepted in a year or two. A short time ago furfural, the organic chemical made from oat hulls, was only a curiosity. Now it is found in an unbelievable number of places. One of

its latest combinations is in a weed killer. A few drops on the crown of the weed kills it within two or three days. The surrounding vegetation is benefited.

Rubber from petroleum has appeared in an experimental way. One group is prepared to supply up to 25,000 pounds a month at, say, 20 or 25 cents a pound. Much too high under present rubber conditions, but something to talk about when we recall that one great inventor recently declared that rubber from petroleum was impossible. A considerable sample, the first made in America, was displayed at the Exposition.

New metals seeking work

THEN there are rhenium, a new metallic element now worth \$6 a gram or roughly \$150 a pound, and gallium, at \$10 a gram. These elements are newcomers. They are still out of a job but the fact that they are available starts many a man to wondering whether they are not just what he wants for a special use. Rhenium is heavy. Gallium is a liquid resembling mercury.

High-temperature and high-pressure reactions continue to be a threat to most of the organic materials. It would almost seem that regardless of what the material may be, a sufficient economic urge to make it pay may lead to successful synthesis. The group of synthetic products made with the aid of catalysts at high pressures and high temperatures is rapidly growing. We are still talking of what synthetic methanol or wood alcohol meant to industry. The story of synthetic nitrates is now old. Millions of gallons of synthetic ethyl or grain alcohol are being made in this country every year, and synthetic butanol, heretofore made exclusively by the fermentation of corn or rye, is offered for autumn delivery. Chemical fibers are being processed to resemble sheer wool. This promises to be something of a boon to some cotton mills, because this new type of fiber is worked on the cotton system.

And so the changes multiply. They are not adequate reason for fear; they are things to be watched. They offer advantages to those who will utilize them. They make possible improved purity of product and better controlled process, new additions to the line of manufacture. They are the result of the newest factor in our competitive scheme. Today the vigilant manufacturer realizes that the greatest threat to his enterprise is the superior knowledge which a competitor may gain through applied science which he has failed to make available to himself.

Below is shown 1½-Ton Chassis complete with Panel Body on 131" wheelbase



Smartly styled—to build your business, soundly built—to hold down costs



Smart, business-like appearance—dependable six-cylinder performance—low list price and low

mileage cost—these are four reasons why national fleet users are turning more and more to Chevrolet equipment.

With fine-looking bodies and cabs, and sturdy, clean-cut chassis lines, Chevrolet Sixes create valuable publicity for the firms they represent. They look quality. They give the kind of advertising impression that owners want to register with the public.

Fine quality also makes Chevrolet's cost-per-mile the very lowest of any car or truck on the market. The smoothness of Chevrolet's

50 horse power six-cylinder engine not only saves the driver from fatigue, it saves every part of the car from strain and wear and decreases service expense. Chevrolet's heavy frame, rugged axles and transmissions, and—on the 1½-ton trucks—dual wheels are all important factors of dependability and long life. And, as a final contribution to low mileage costs, Chevrolet dealers make no charge for the parts or the labor involved in any replacements made in accordance with the Chevrolet Owner's Service Policy.

It will pay you—in terms of money saved and profits made—to investigate what Chevrolet has to offer in the kind of transportation you need.

Chevrolet truck chassis prices range from \$355 to \$590. Chevrolet passenger cars are priced from \$475 to \$650. All passenger car and truck chassis prices f. o. b. Flint, Michigan. All truck body prices f. o. b. Indianapolis, Indiana. Special equipment extra. Product of General Motors. Low delivered prices and easy terms, Chevrolet Motor Company, Detroit, Michigan.

CHEVROLET SIX CYLINDER TRUCKS

When visiting a CHEVROLET dealer please mention Nation's Business

No Business Can Escape Change

A CROSS between a taxi and a bus, a new motorcoach seats 17, has three compartments, as many exits, and an ingenious fare collecting device. It is designed to operate under high frequency on given routes, but not necessarily on schedules. . . .

TRAVELING at six miles an hour, a "rail-fissure detector car" locates invisible flaws in railway rails, paint-marks the rails, makes an ink record of defects, tells whether they are large or small. . . .

A PATENT has been issued for a ten-key typewriter. Each key is in alignment with a finger of the operator. Easier operation is claimed. . . .

A SILK manufacturer has introduced bottled cold-water soap to be sold in conjunction with his products. The soap was evolved to insure safe washing of hosiery, lingerie and gloves. . . .

EQUIPMENT has been perfected which corrects depressions in concrete highways caused by grade settlement. A mud and cement mixture is pumped under the sunken slab restoring the road level with a minimum of traffic delay. . . .

A NEW process has been discovered which promises to yield metallic zinc of more than 99.9 per cent purity at comparatively low cost. Mineral economics of the third largest nonferrous mineral industry in the country may be affected. . . .

A PATENT has been issued for a "talking billboard." A phonographic attachment produces speech or song in synchronism with movable facial features of a figure portrayed on the board. . . .

A NEW magnetic and keyless automobile lock automatically locks ignition system and the hood on both sides of the car, thus preventing the would-be thief from crossing ignition wires. . . .

★ ONE of the few things which every business man can anticipate as a certainty for his business is change. Whether he welcomes or dreads its coming, he must—if he is to succeed—be ever alert to detect its approach, ready to seize such new opportunities as it may present, or ready by judicious action to counter its threats



And now, on the Pacific Coast, you can buy your magazines from slot machines at filling stations

DRINKS may now be cooled without being diluted by melting ice cubes. Metal spheres, containing just the right amount of water, are frozen in a modern refrigerator. Then you plop a sphere or two into your glass, retrieving them later for future use. . . .

A FLEXIBLE wood has been developed, consisting of a special veneer mounted on a new type of backing. It is easily fitted into recesses, carried around corners, trimmed to fit with shears, and hung on flat walls by paperhangers. . . .

GERMAN chemists are seeking to develop a synthetic silk, distinct from rayon, using a base of fibroin of natural silk.

Two patents have been issued for production of such silk. . . .

BRITISH government and private chemists have concluded it is possible and commercially practicable to make high-quality gasoline from coal. A company has been formed to examine patents to speed up the new industry. . . .

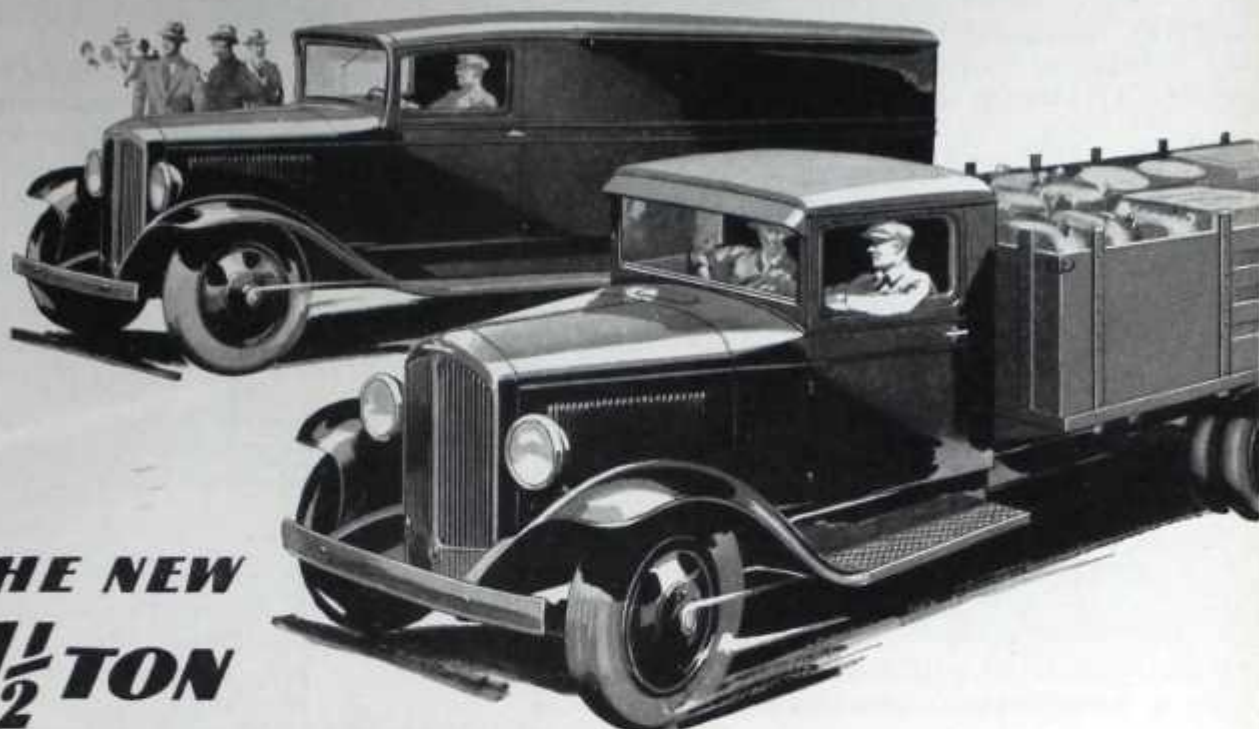
A PATENTED jack holds wallboard firmly in place for nailing to horizontal or sloping studding, making wallboard application a one-man job. . . .

SYNTHETIC lubricating oils are now being made from paraffin wax, the very constituent of petroleum which the oil industry has sought to eliminate in previous refining processes. . . .

INDIVIDUAL wires and strands in wire rope are now being preformed and preshaped to the exact helical "lay" which they assume in the finished rope. It is said to be the first

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The lowest priced truck in the world
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1 1/2 TON

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Reo now offers SPEED WAGONS in the lowest price class with more and finer truck features than have ever been combined at a price so low.

Four and six cylinder heavy truck engines; *more* and *larger* main bearings; chrome nickel cylinder blocks wearing 7 times longer than the commonly used iron; force feed lubrication even to the piston pins; extra large piston displacements for greater power; exceptionally strong channeled frame, 7" deep; full floating rear axle; long silicon manganese springs; heavy steering spindles; and powerful, oversize hydraulic brakes!

Matching the high standards of traditional Reo quality in every way, the new SPEED WAGONS insure lower operating expense mile after mile, month after month!

End your search for a better truck. Call your Reo dealer!

REO MOTOR CAR COMPANY, LANSING • TORONTO

\$625

Four-Cylinder \$625, Six-Cylinder \$725
Chassis f. o. b. Lansing, Michigan
DUAL WHEELS EXTRA

basic improvement in construction of the product in 80 years. . . .

A NEW type of boat on the Ohio River is propelled by two tunnel-type rotating paddles on each side of the craft, somewhat similar to the tread on a caterpillar tractor. . . .

A NOVEL tree-planting machine cuts reforestation costs by half. Drawn by either tractor or horse, it can plant an average of 1,718 trees an hour. . . .

NATTILY tailored overalls in gay colors instead of dingy blue are the newest thing in working clothes. . . .

A PORTABLE electric hammer operates from a lamp socket, and is designed to strike 3,600 blows a minute. Makers say all kinds of drilling, chipping, channelling can be done in a tenth of the time required by hand. . . .

THE rubber sac has been eliminated in a new fountain pen. To fill, the knurled end of the barrel is turned, operating a screw mechanism. . . .

SOYBEAN milk is one of the latest vegetable oil products. It may have possibilities as a competitor of cow's milk. . . .

A NEW hotel fire alarm attaches to the telephone, closes the circuit when the room temperature reaches a certain point, shows the operator something is wrong. . . .

HOTELS and public institutions are interested in a new

electrically operated window, which closes automatically when rain falls on the sill. . . .

READY-FORMED metal arches for doorways in home construction may now be had. Nailed in place, they form a plaster base costing about half as much to install as curved forms made on the job. . . .

A MODEL of the ultra-modern home, constructed of aluminum and steel beams and girders, movable partitions and ultra-violet glass windows, attracted attention at the New York Architectural League Show. . . .

FIVE hundred slices of beef a minute are carved off by a new high-speed slicing machine, which can be set to cut 51, 54, 57 or 60 slices to the inch. . . .

"METERED refrigeration" is being introduced. A quarter dropped in a slot on an electric refrigerator, placed in the home on a leased basis, brings 40 hours' service. . . .

A SWEDISH chemist has patented a process by which he asserts wood can be hydrogenated and converted almost completely into gaseous and liquid compounds. . . .

A MULTI-SPEED reduction gear unit built in combination with a standard alternating-current motor has been developed, giving four speeds to the output shaft at constant horsepower. Speed of the driven apparatus may be changed instantly while the motor is running under load. . . .

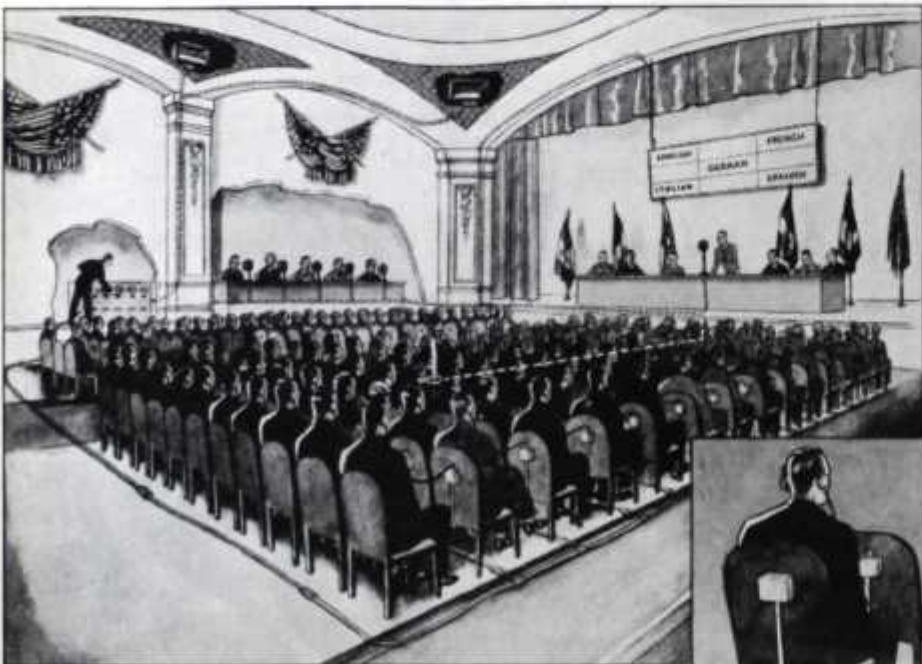
A REFRIGERATING unit for motor trucks, operating from the drive shaft, has been developed. The unit requires little power, and saves weight and space. . . .

A NEW vegetable salad, made of six fresh uncooked vegetables frozen in a sherbet base, is being placed on the market. . . .

STAINLESS and heat resisting alloy steels are extending their usefulness. Now they are being used in airplane parts, turbine blades, laboratory apparatus, refining equipment, dairy machinery, hinges and hardware, plumbing fittings, furniture, humidors, golf clubs, skates and tank cars. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from business and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.



COURTESY INTERNATIONAL BUSINESS MACHINES CORP.

This method of multiple translation was used at the International Chamber of Commerce meeting. Translators (cutout) interpret speeches; listeners plug headsets in on the line carrying their language





A CLOSE-UP VIEW OFTEN DISTORTS THE FACTS!

A good many manufacturers are losing money because they are living too close to their business to see chances for savings and improvements which, quite often, are obvious to a fresh eye.

A certain manufacturer was tolerating an excessive percentage of waste in one of his production processes. His engineers had told him it was impossible to remedy the situation. But, finally, he decided to get an outside point of view. Special Production Machines engineers, unhampered by preconceived ideas, developed a new machine, a new process. The machine cost \$700 and paid for itself in three months by reducing the scrap loss over 50% — a saving of \$2000 annually! They are now using twenty of these machines.

Our engineers have brought the "outside point of view" to the production problems of a number of plants in varied industries. By developing new machines to replace slow hand labor, by redesigning and speeding existing machinery, our work has resulted in production savings in over 98% of these cases. Write for complete information and details on our service and methods of operation.

Special PRODUCTION MACHINES

A Division of PNEUMATIC SCALE CORPORATION, LIMITED

For over 40 years, Pneumatic Scale Corp., Ltd., has manufactured automatic labor-saving machinery for many of the world's largest producers of merchandise.

SPECIAL PRODUCTION MACHINES, NORFOLK DOWNS, MASSACHUSETTS

When writing to SPECIAL PRODUCTION MACHINES please mention Nation's Business

Caution or Accident?



The grim warning "Drive Slowly, Death is so Permanent!" has been heeded by thousands of drivers over dangerous roads.

Here are listed the twelve most frequent means of accidental injuries in the order of their fatality:

- | | |
|--------------------|-----------------------|
| 1. Automobiles | 7. Firearms |
| 2. Falls | 8. Machines |
| 3. Drownings | 9. Mines and Quarries |
| 4. Burns | 10. Fires |
| 5. Railroads | 11. Poisons |
| 6. Poisonous Gases | 12. Suffocations |

© 1931 M. L. I. CO.

In this country accidents are now the largest single cause of the Crippling, Dependency and Destitution which call for relief.

ACCIDENTS took 100,000 lives, caused approximately 10,000,000 more or less serious injuries and cost more than \$1,000,000,000 last year in the United States.

Among those killed by accident were 18,000 children under fifteen years of age.

No one knows how many accidental injuries and deaths are due to uncontrollable circumstances. Nevertheless, how many of the accidents which happened to members of your family or your friends—accidents which you know all about—could have been avoided?

Last year there were about 46,000 fatal accidents in homes and in industry. Elsewhere there were about 54,000 accidental deaths. Among the latter group 32,500—motorists and pedestrians—were killed by automobiles.

But while the tide of accidents is steadily rising, there are some bright spots in the dark record.



Better traffic regulations in a large number of cities are reducing the percentage of street accidents and the toll of killed and maimed children.

Police officers and school teachers are training children to be careful.

Safety appliances and methods installed by the foremost industries are saving many lives.

But systematic accident prevention in homes has hardly begun.

Falls in homes caused 8,000 deaths last year; burns, scalds and explosions 5,400; asphyxiations 3,600; and fatal poisonings 2,000. Much remains to be done to check home accidents caused by recklessness and thoughtlessness.

The Metropolitan Life Insurance Company urges you to send for its free booklets on accident prevention. Ask for Booklets 731-U.

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions
as of June 1

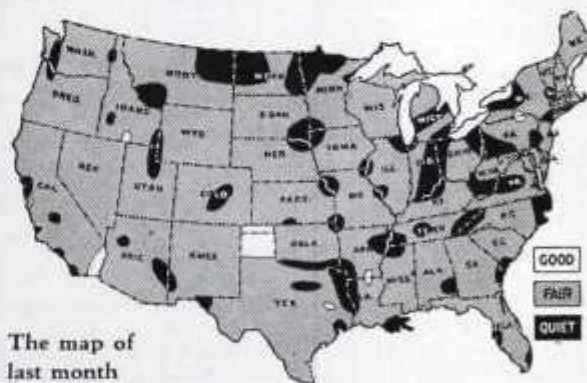
DESPITE the plethora of depressing business news since the first of the year, elements for improvement have been quietly in the making. One notable development recently is a strengthening of business morale

MAY, like April, was in the shadows of the decline in the stock market, the further lowering of the commodity price level, and the sagging off of iron and steel production and prices. Early June, however, saw the other side of the "stock-market consciousness" idea and there was a very general bracing up of the business world's morale or nerve or whatever word one prefers.

It is well to remember that signs of improvement have not been lacking, even in these terrible first few months of 1931. While the prophets have been fairly dumb, the painful work of recuperation and repair has been proceeding slowly in some directions and quite swiftly in others.

In the list of real changes for the better, first place should probably be given to those lines which have accepted the situation and gone to work to make the best of things as they are and not as they appeared to be a short two years ago.

There still seems to be nothing basically wrong with the idea that the cure for low prices lies in the quotations themselves and that, given attractive enough prices, there is business to be done. Supporting this view it may be suggested that the textile trades, cotton, silk and wool, are doing nearly



The map of
last month



The map of
a year ago

Among important developments this year have been the reflection in retail prices of lower wholesale prices and a downward trend in wages

The most important equipment in any place of business after closing hours is the system that checks the watchman



DETEX NEW MODEL PATROL

It can count up to 100 and even write your name

Because of its unique recording mechanism, the Detex New Model Patrol offers many advantages found in no other portable watchman's clock.

It will register any number of stations in sequence. On reaching 100, the changes can be effected to carry on to additional hundreds. Or it will register combinations of numerals or letters, or both, as desired. It is the only clock that registers numbers above "9" as complete numerals, a feature that saves considerable time when a number of clocks are to be checked.

Unlimited in capacity, interchangeable to the fullest degree, a maker of records that are unalterable, it offers decided advantages in the plant where a number of watchmen are employed. It offers decided advantages to any plant interested in the fullness and completeness of the record of safeguard of the plant—the most important activity in a plant during the hours it is closed.

Send for complete information

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NEWMAN • ALERT • PATROL
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Approved by the Underwriters' Laboratories, Inc.
and the Factory Mutuals Laboratory

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Patrol Watchman's Clock.

Name.....

Address.....

City.....State.....

NE-7

as large if not, indeed, in some cases, a larger business than a year ago and some of them almost as much as two years ago.

In the iron and steel industry production has gone off, but some trade authorities think output will be fairly well held at little below present levels while the needs of the country for new materials pile up. There has also been a slight strengthening, in some directions, of the scrap markets, which have been barometers of no mean value for a good many years.

Two really important things have taken place so far this year, both a bit unpalatable but unavoidable if the work of upbuilding is to go forward:

One has been the spreading out among consumers of some of the benefits of the declines in wholesale prices. Not-

withstanding the disagreement which developed among manufacturers, wholesalers and retailers in May as to whether cuts in retail prices were a full reflection of the reductions made earlier by the producing and wholesaling branches, the improvement in chain, mail-order and department-store sales seems to evidence public recognition of the progress made in this direction. Certainly the returns by some large grocery chains showing large increases in tonnage distributed, accompanying small fractional decreases in value of sales, seem proof of this. The small decreases or, in numerous cases, actual gains in sales over last year by large chains or department stores are further proof that this trend is proceeding.

The second unpalatable but unavoidable incident of the present depression

BUSINESS INDICATORS

Latest Month of 1931 and the Same Month of 1930 and 1929
Compared with the Same Month of 1928

	Latest Month Available	Same Month 1928=100%		
		1931	1930	1929
Production and Mill Consumption				
Pig Iron	May	61	98	119
Steel Ingots	May	62	96	126
Copper—Mine (U. S.)	April	67	87	136
Zinc—Primary	May	48	82	107
Coal—Bituminous	May	79	97	108
Petroleum	May*	101	107	112
Electrical Energy	April	110	114	113
Cotton Consumption	April	93	96	116
Automobiles	May*	79	101	142
Rubber Tires	April	77	88	115
Cement—Portland	April	83	100	102
Construction				
Contracts Awarded—37 States—Dollar Values	May	48	69	88
Contracts Awarded—37 States—Square Feet	May	43	56	85
Labor				
Factory Employment (U. S.) F. R. B.	April	81	96	106
Factory Pay Roll (U. S.) F. R. B.	April	73	97	111
Wages—Per Capita (N. Y.)	April	95	102	104
Transportation				
Freight Car Loadings	May*	76	94	105
Gross Operating Revenues	April	78	95	108
Net Operating Income	April	55	88	133
Trade—Domestic				
Bank Debits—New York City	May*	57	83	111
Bank Debits—Outside	(X) May*	80	97	102
Business Failures—Number	May	112	109	94
Business Failures—Liabilities	May	148	154	114
Department Store Sales—F. R. B.	April	95	105	98
Five and Ten Cent Store Sales—4 Chains	May	107	111	117
Mail Order House Sales—2 Houses	May	128	145	137
Trade—Foreign				
Exports	April	60	91	117
Imports	April	54	89	119
Finance				
Stock Prices—30 Industrials	May	66	124	145
Stock Prices—20 Railroads	May	56	99	104
Number of Shares Traded	May	49	82	92
Bond Prices—40 Bonds	May	97	96	96
Value of Bonds Sold	May	85	82	84
New Corporate Capital Issues—Domestic	May	30	78	77
Interest Rates—Commercial Paper, 4-6 Months	May	47	82	132
Wholesale Prices				
U. S. Bureau of Labor Statistics	April	75	93	99
Bradstreet's	May	66	82	94
Fisher's	May	72	89	97

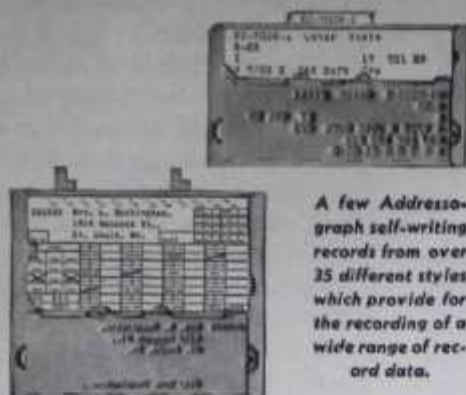
Retail Purchasing Power, 1923=100%

	Apr. 1931	Apr. 1930
Purchasing Power of the Retail Dollar	113	102
Purchasing Power of the Clothing Dollar	122	105
Purchasing Power of the Food Dollar	118	97
Purchasing Power of the Rent Dollar	119	110

(X) Excludes Boston, Cleveland, Chicago, Los Angeles, Phila., Detroit, San Fran., and New York.

* Preliminary.

Prepared for Nation's Business by General Statistical Division, Western Electric Co.



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When kept in the Addressograph way business records, besides being quickly available for reference are self-writing—hand copying is eliminated.

Whatever the data on an Addressograph record—a customer's or prospect's name and address, an employee's name, a specification, a number, a description—it writes itself mechanically on any business form in one motion.

Count the places in your business where you are now hand copying names and other data on order forms, bills, statements, ledger sheets, letters, envelopes, shop pay-

roll, shipping and other forms.

Count the number of costly motions this work now requires. Then, calculate what it would save you to do this work in one motion and in one-tenth to one-fiftieth the time now required. With Addressograph self-writing records you can do exactly that.

Without obligation an Addressograph representative will aid you in a check-up of the name and data-writing operations in your business and demonstrate the actual savings that can be effected through the use of Addressograph Self-Writing Records.

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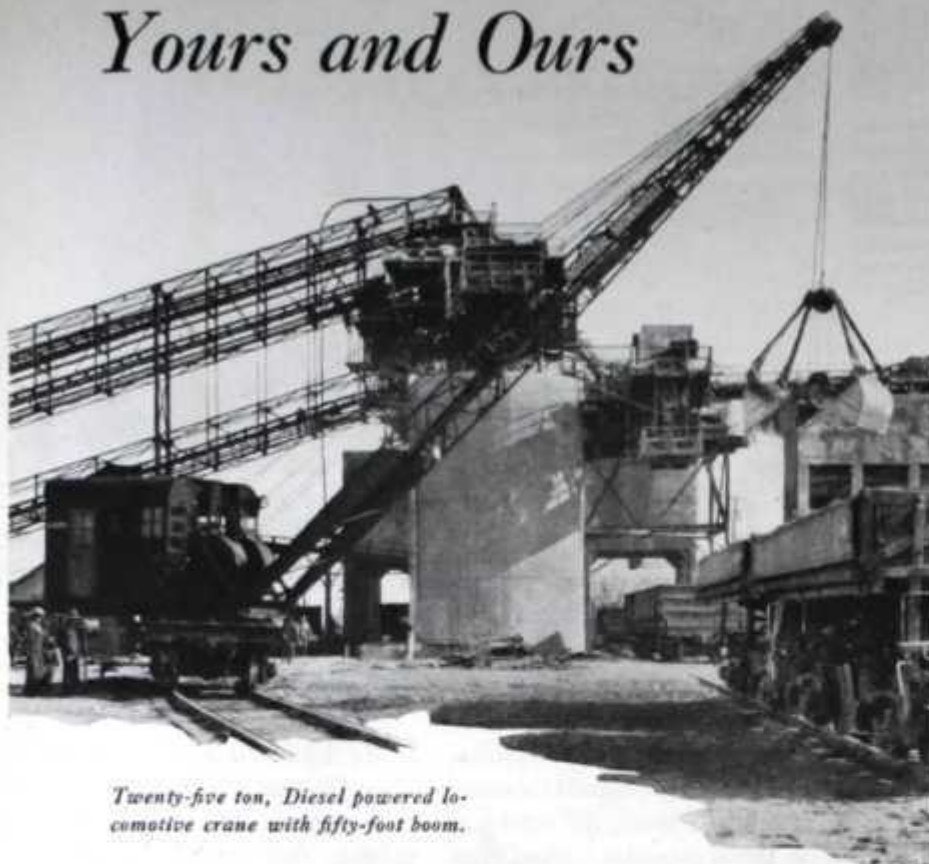


Addressograph

TRADE MARK
PRINTS FROM TYPE

Let's Talk Costs . . .

Yours and Ours



Twenty-five ton, Diesel powered locomotive crane with fifty-foot boom.

A low first cost is no assurance that a crane so priced will be the most economical to own. Neither does a high price necessarily carry with it such a guarantee.

Far sighted executives buy cranes solely on a performance basis—the unit cost at which they will handle materials over a long period of time. Because Industrial Brownhoist has satisfied a steadily growing number of such crane buyers for fifty years, repeat orders have made possible prices which are often no higher than that of other makes.

When you are considering ways to lower production costs, let us help you with one of its most important items—materials handling. Industrial Brownhoist cranes are built on railroad or crawler trucks and in capacities ranging from 6 to 200 tons.

Industrial Brownhoist Corporation, General Offices, Cleveland, Ohio

District Offices: New York, Philadelphia, Pittsburgh, Detroit, Chicago, San Francisco, New Orleans

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

is instanced by the controversy as to whether wage scales in certain lines should be reduced.

The Department of Labor has given out totals of the number of those suffering cuts and perhaps this is conclusive evidence of the facts, even if it were not already known that cuts in time or hours have accomplished the same result. These discussions of reductions are, however, not really new and have been known in previous times of stress when the pressure for lower costs could no longer be ignored.

The planting and growing season in this country has progressed to a point where it is beginning to take form. While not uniformly favorable—the subsoil is too dry in the spring-wheat Northwest, where that crop shows the lowest condition in years—the general situation is good, possible exceptions being California, Georgia and Virginia. From New Jersey west to the Missouri valley the situation seems about at its best, partly due to the contrast with a year ago when the Ohio Valley was entering the drouth period.

Plenty of wheat in sight

WHILE spring-wheat prospects are poor, with an estimated possible crop of only 215 million bushels as against 247 million bushels last year and record yields in the past of 350 million bushels, the contrary is true of winter wheat which is estimated at 680 million bushels against 604 million bushels last year and a high record of 760 millions in 1919.

In fact, a total crop of 900 million bushels is possible which, added to the 200 million bushels in the Farm Board's hands, guarantees plenty for home use and export. The key to the world's wheat situation probably lies in the spring-wheat crops of Canada, where rainfall is seriously short, or in Russia, where the situation is not entirely clear.

A large corn acreage, possibly 100 million acres, is expected, while in the South a ten per cent reduction is thought probable from the 46 million acres in cultivation July 1 a year ago. This was, however, later reduced one million acres by the drouth.

While on the subject of crops, it might be well to record the fact that when the Farm Board stopped its operations early in June the "pegged" price was about 83 cents whereas the price of July new crop was about 59 cents, and the readjustment since has involved some bad breaks and complaints of losses by farmers who had not sold out in time. However, wheat movement from the

THIS NEW WATER COOLER

IS AS MODERN AS IT LOOKS

We would like to have you stop for a minute and look at the Frigidaire Water Cooler pictured here. Notice its graceful lines and symmetrical proportions—its beautifully polished fittings. With its modern design and harmonizing bronze finish, this cooler blends into surroundings in *any* office—and in a way that makes it just seem to *belong*.

But the real beauty of the Frigidaire Cooler is in the way it operates. It is powered to meet every demand regardless of weather. It is quiet in starting, quiet when it runs and quiet when it comes to a stop. It cools water quickly and keeps it cool—at "just-right" temperatures for comfort and health. And it is built to deliver this type of performance month after month and year after year—all for just a few cents a day.

This new advanced Frigidaire Water Cooler is made in models for cooling bottled water or city water. Either type can be furnished with bubblers, faucets or glass fillers. All are equipped with a completely enclosed, automatic refrigerating unit that carries a 3-year guarantee.

We suggest that you ask the Frigidaire representative to call with complete information. Why not do it now? Frigidaire Corporation, Subsidiary of General Motors Corporation, Dayton, Ohio.



Note the locked compartment for sandwiches and beverages. This feature is standard on some of the most popular models.



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Let the plant superintendent tell you how it speeds production . . . keeps down stocks . . . lowers overhead.

Then come back to your accounting departments. Examine your Loose Leaf equipment. How much of it "fits" the job? How much is interchangeable? How many sources of supply? How much lost motion?

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2. Possible interchange of equipment in departments
3. Less money tied up in stocks
4. Similarity of equipment increases labor efficiency
5. Improved appearance of office
6. An assured standard of quality throughout
7. No costly experiments
8. Every record-keeping need exactly filled
9. Quantity discounts
10. Assurance of continuous, helpful service.



The No. 70 Automatic Binder for machine-kept records locks and unlocks by simple pressure. No key is needed.



The Current Ledger Binder is designed for use with both pen and machine posting systems.



The Library Bureau Ledger Tray facilitates posting, proof, reference, transportation and night protection.

farms this spring was nearly double that of a year ago.

The continued decline in stocks and the further fall in commodity prices, both of which seemed to halt, for a time at least, in early June, were merely projections of movements that definitely began in 1929. While the decline in stocks from the autumn of 1929 to June 1 was about 60 per cent in rails and 65 per cent in industrials, the drop from the high of February this year to June was fully 33 per cent in both classes of securities.

In prices of commodities the decline was necessarily more deliberate, but from October 1, 1929 to June 1, 1931 the drop was 32 per cent or about half the percentage of the decline in stocks. The deflation in the commodities was marked by some notable incidents.

New records in low prices

COTTON dropped to 8.35 cents in May, the lowest since 1915; copper hit eight cents, the lowest of which there is record; zinc fell to the lowest in 35 years; cattle prices to the lowest in 20 years, and hogs to the lowest since 1908. During May some 15 out of 26 articles made new lows for the year, but early June saw eight new lows reached in the first few days. These were in cotton, copper, zinc, tin, crude oil, wheat, flour and beef. Corn, butter, lard, pork, pig iron, steel billets, lead, print cloths and raw silk were at their low in May.

Raw silk in May was a full dollar a pound below the high of January and was half the price of a year ago. Some commodities seemed to have exhausted their possibilities of decline earlier. Thus rye, oats, coffee and rubber reached their lows in April and wheat and sugar in March.

A rough survey of May trade and industry seems to indicate that wholesale and jobbing trade marked time during the month while in retail trade the passing of the spring peak in buying and the cold, rainy weather during half of the month caused a decline of perhaps five per cent. Industry, as a whole, seems to have shown a slight gain. Collections improved in a fair degree, while crops made about the best progress of all, perhaps eight per cent.

Chain and mail-order houses showed the same irregularities as in April. While one mail-order house lost considerably from May a year ago, the other showed only a trifling decrease, less than one per cent, and three mail-order concerns showed a decrease of about 12 per cent from last year. In chain stores, 43 systems showed a de-

crease of only 4.6 per cent in May from a year ago and chain and mail-order houses combined showed only 6.4 per cent decrease from that month. A special compilation of the sales of ten grocery chains in April showed a decrease of only 2.2 per cent from the like month last year.

Sales of mail-order and chain stores combined for four months of this year showed a gradually descending scale of decreases, month by month. A decrease of 10.6 per cent in January was reduced to 6.2 per cent in February, to 4.2 per cent in March, and to 3.3 per cent in April. The indicated decrease for May, which had only 25 business days as against 26 in April, was only 6.4 per cent. Department-store sales for May, as reported by the Federal Reserve Bank, showed a decrease of fourteen per cent as against a decrease of nine per cent in April. For five months of this year the decrease in chain and mail-order sales was only 5.5 per cent while department-store sales were off nine per cent.

Gross railway revenue in April fell 18.1 per cent from the like month a year ago and 28 per cent from two years ago, while net operating income declined respectively 37.2 and 58 per cent; both were the lowest in a decade. Some of this, of course, is chargeable to the general depression but any one familiar with railway operations knows that expenses are being held down to the lowest notch.

Exports and imports light

EXPORT trade in April fell to the lowest point since November 1914, and so, by the way, did *Bradstreet's* Index of Prices, which argues some constancy of relation between the two. Imports were the lightest since September, 1921. The decrease from March in exports was eight per cent and from April a year ago it was 34 per cent. Imports fell about the same percentage from March and were 39 per cent below April, 1930. Exports and imports for four months were 36 per cent below last year and about half those of the like period of 1929.

Little hope is extended as yet of grain exports tending to swell our export trade, but cotton in April gained in volume if not in value. In cotton there is this light visible *viz*: that May saw a gain in both volume and value of raw cotton exported over May a year ago. Exports of wheat and wheat flour for ten months of the current fiscal year were 38 and 39 per cent respectively below the like periods of the last and the preceding fiscal year.

The total automobile output for May

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thirst*



*in
122° heat!*

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LASALLE EXTENSION UNIVERSITY
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in the United States and Canada was 4.2 per cent below that for April and 23.9 per cent below that for May, 1930. For the first five months of the year the decrease was 29 per cent from the like period last year.

The new oil field in East Texas is said to have gone ahead in spite of prorating regulations applying to other fields. Hence the reports of new record low prices for petroleum, that is, the lowest since the automobile became a factor in the oil industry.

The steel trade's lowering of its capacity figures in mid-May was apparently rightly construed as a sign of reduced takings by the automobile industry. Daily average output of pig iron dropped 4.5 per cent from that for April, the first decrease seen since November last, and was 38.3 per cent below that for May a year ago and 48.8 per cent below that for May of 1929. For the five months the decrease was 38.2 per cent from last year and 47.1 per cent from 1929.

The current percentage of capacity in steel production is 42 as against 57 at the peak this year, and 78 at this date a year ago. Steel-ingot output in May fell 8.8 per cent below that of April, 37.9 per cent below that of May a year ago and 52.5 per cent below May, 1929. For the five months steel-ingot output was 34 per cent below 1930 and 45 per cent below 1929.

Silk and wool moving ahead

TWO of the three great textile manufacturing industries, silk and wool, stand out as still going ahead in manufacture. The calculated approximate consumption of silk in May was 10.4 per cent ahead of that in May, 1930. For five months it was 4.6 per cent ahead of last year and only 1.7 per cent below that for the like period of 1929.

Consumption of raw wool for April was 18 per cent above March and 29.6 per cent above April a year ago. For four months the gain over the like period of 1930 was 2.8 per cent.

Cotton-mill operations in April, as measured by active cotton spindles, gained 1.8 per cent over March and was five per cent below April a year ago. For the first four months of the year, spindle hours were 11.6 per cent below the like period of 1930. Estimated yardage in April was 4.9 per cent below April, 1930.

Shoe production in April was 1.3 per cent ahead of that month last year, while the four months total was 6.4 per cent ahead. Most of the April gain was in Illinois and New York.

✓ Financially responsible manufacturer with national distribution interested in adding article to his line of household appliances. Prefers article not heretofore sold. Address Box 314, Nation's Business, Washington, D. C.

Reprints

of NATION'S BUSINESS articles will be furnished at cost in quantities of 100 or more.

TRANSPORTING THE ESSENTIALS OF LIFE

YOUR OWN FLEET OF CARS— YOUR OWN EXPORT TERMINAL—

« « WITHOUT INVESTING A SINGLE PENNY » »

WHEN you use General American facilities you practically acquire your own railroad cars and your own export and storage terminal . . . *without investing a single penny*. In leasing from the General American fleet only as many cars as you need, you eliminate a large investment in cars, maintenance expense, and loss from idleness.

And just as General American provides all kinds of railroad cars, the General American Tank Storage and Terminal Company, Inc., offers complete storage and loading facilities for all bulk liquids. This public terminal fills every function of your own private terminal . . . with no investment, no overhead, and no employees of your own.

The terminal has 50,000,000 gallons total storage capacity and handles any commodity that can flow through a pipe-line. At New Orleans it is strategically

located for the accumulation or distribution of cargos.

General American's diversified transportation services include the manufacture and sale of every type of railroad freight car, the leasing to shippers of 50,000 cars (refrigerator, milk, express refrigerator, stock, tank), terminal facilities, and a complete European transportation system. They are today playing a constructive and impelling part in modern transportation.

• • •
« The part played in our everyday lives by tank cars, is told in a booklet entitled "GENERAL AMERICAN TANK CAR JOURNEYS". Another booklet completely describes the Terminal. We will be very glad to send them to you, if you will write us on your business stationery, Address 230 South Clark St., Chicago.



GENERAL AMERICAN TANK CAR CORP.

"A RAILROAD FREIGHT CAR FOR EVERY NEED"

SINCE LAST WE MET

A Business Record May 10 to June 10

MAY

10 • SEVEN producing nations sign five-year sugar pact for stabilizing that industry.

11 • SENATOR BORAH urges rise in price of silver, declaring slump has decreased buying power of half the world.

13 • GEORGE F. BAKER, Jr., named to take his father's place as board chairman of the First National Bank.

\$52,000,000 in New York City bonds go in ten minutes at 2.99 per cent, lowest rate in 32 years.

14 • NEW life insurance off 14 per cent in April.

FARM values at wartime levels, Department of Agriculture finds.

SURRENDER of control of Philadelphia Rapid Transit to courts offered by Mitten Management.

15 • SINCE first roadbed was used in 1826 to haul granite for Bunker Hill Monument, New Haven system has accumulated and absorbed 203 smaller lines.

NEW JERSEY Standard reports net drop from \$120,900,000 in 1929 to \$42,150,000.

17 • MERRILL, LYNCH figures for chains and mail-order houses show 8.86 per cent gain for April over March.

NATION'S health bill three billion, Committee on Costs of Medical Care finds.

18 • \$2,000,000 drop in Panama Canal tolls for year seen as traffic slumps to lowest in five years.

TRADING in wool futures begins with opening of Wool Top Futures Exchange.

19 • WORLD sugar crop for 1930-31 season sets all-time record, swelled by increased amount of beet sugar.

AUSTRO-GERMAN customs union conflict to be settled by World Court and League of Nations.

INDIANA graduated chain-store tax held valid by Supreme Court on ground that local taxation is a local matter.

20 • INTEREST rates on thrift accounts cut by large New York banks from 3 to 2 per cent.

21 • INTERSTATE Commerce Commissioner Eastman announces his conviction

that all forms of transportation come under greater governmental control.

FIRST YEAR report of operations of Bank for International Settlements unanimously approved. Five per cent dividend declared.

PRESIDENT GREEN of Labor Federation denounces bankers for "conspiracy" to reduce wages, saying labor is ready to resist such moves.

22 • FOOD prices down 18 per cent since January 1, Bureau of Labor Statistics finds.

EASTERN RAILROADS decide to ask I. C. C. for freight rate increase to bolster revenue.

APRIL building permits up 6.2 per cent.

23 • FARRELL scores price and wage cutting in steel industry.

WHEAT conference ends without results. London criticizes attitude of U. S. and Russia.

25 • WORLD automobile output off one-third in 1930. Tobacco consumption in the United States for 1930 falls for all forms.

AMERICAN ships carry over 40,000,000 tons or 40 per cent of American total cargo.

26 • TREASURY offers \$80,000,000 issue in ninety-one-day bills.

FREE-for-all fight to market wheat between producing nations expected after failure of London wheat parley.

POSTAL receipts increase 3 per cent indicating more business mailings.

27 • NEW YORK Stock Exchange orders members to supply daily report on short commitments in effort to check bear raids.

CARLOADINGS for previous week at 747,700 new low level for depression.

FEDERAL deposit rates cut to $\frac{1}{2}$ per cent to keep pace with declining bank charges.

28 • HARVARD retail survey reports show small department stores ran at loss in 1930.

RAILROADS ask I. C. C. for modification of antitrust laws to permit highway bus and truck operation on same basis as motor carriers.

INCOME of 50 roads off 35 per cent in April.

COPPER reaches all-time low at $8\frac{3}{4}$ cents per pound.

29 • INTERNATIONAL MATCH sets record for earnings with \$20,923,000 for 1930.

30 • FARM BOARD ceases buying of wheat. Ninety million loss on 200,000,000 bushels estimated; no plans for disposal announced.

JUNE

1 • TREASURY deficit forces sale of \$800,000,000 in $3\frac{1}{8}$ per cent bonds. Largest offering since the World War.

NEW five-year plan announced by Soviet to include huge canneries and electrification of farms.

2 • 200 TARIFF rate changes, mostly upward and affecting United States, announced by Canada. Action to help unemployment, Premier Bennett says.

240 LEADING stocks lose nearly four billion in value in May slump, most severe for eight months.

3 • MERGER of Vacuum Oil and Standard of New York to be unopposed by government, Department of Justice says.

4 • NEW YORK banks ease margin policies; stocks generally advance. Grains decline, lacking Farm Board support. July wheat, 57 cents, at lowest since 1896.

5 • CONSOLIDATION of New Jersey and California Standard Oils again seriously considered. Other merger hopes revived.

STOCKS again advance broadly, responding to more liberal collateral loan policy of banks.

\$800,000,000 Treasury offering oversubscribed $7\frac{1}{2}$ times.

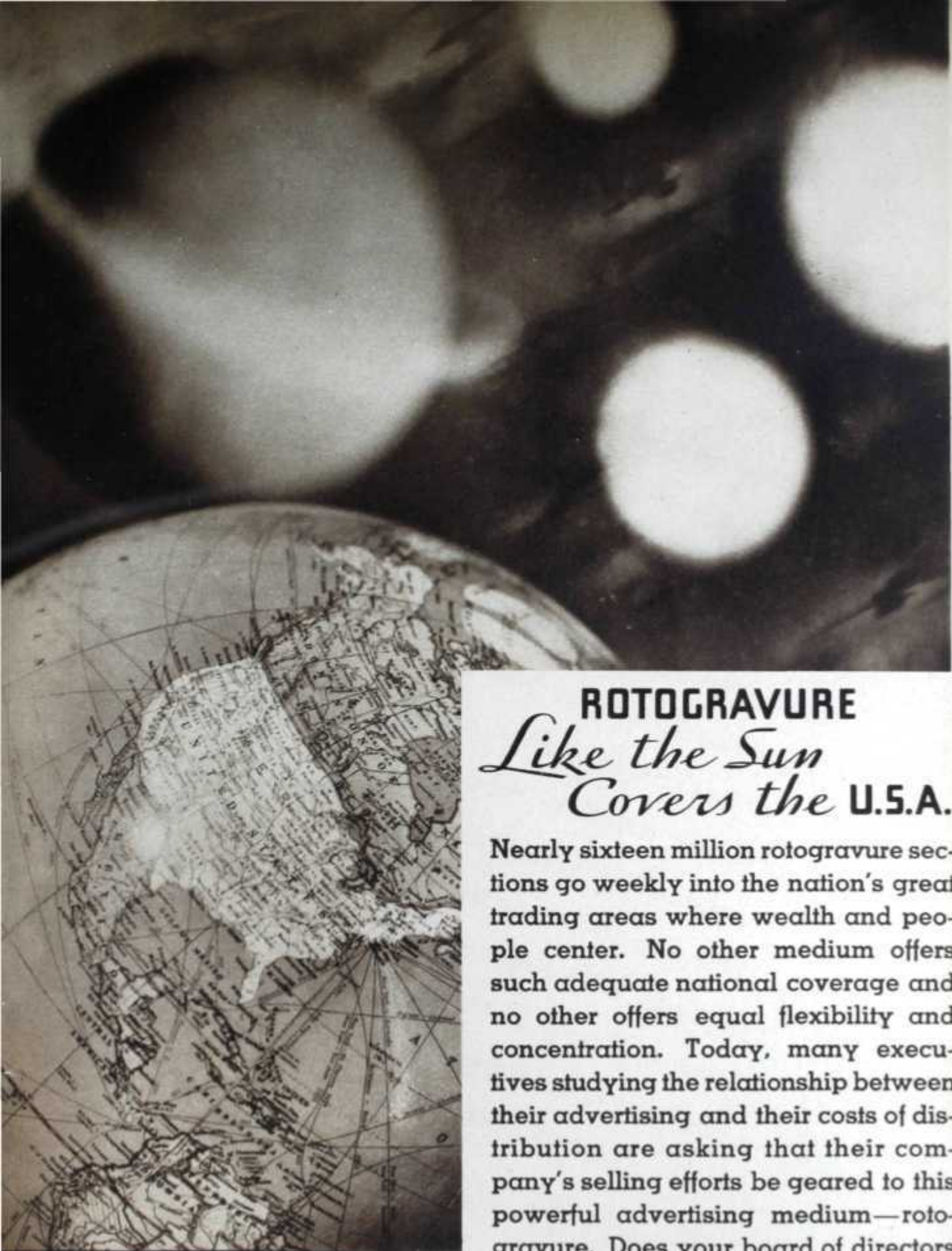
8 • NET OPERATING income of 105 telephone companies for March \$24,106,000; up \$2,000,000 from one year ago.

9 • CHICAGO banks merge to create second and third largest in Chicago.

CENSUS figures show independent merchants ahead of chains, selling 63 per cent of all goods.

10 • CARLOADINGS for week ending May 30 fall to 710,934; daily average increasing however.

STRIKES and lockouts for 1930 at lowest figure for fifteen years, excepting 1918.



ROTOGRAVURE
Like the Sun
Covers the U.S.A.

Nearly sixteen million rotogravure sections go weekly into the nation's great trading areas where wealth and people center. No other medium offers such adequate national coverage and no other offers equal flexibility and concentration. Today, many executives studying the relationship between their advertising and their costs of distribution are asking that their company's selling efforts be geared to this powerful advertising medium—rotogravure. Does your board of directors know its sales compelling power?

Kimberly-Clark Corporation

ESTABLISHED 1878 **Neenah, Wis.**

CHICAGO
8 S. Michigan Ave.

NEW YORK
122 E. 42nd St.

LOS ANGELES
510 W. Sixth St.

National
Coverage

Economical National Advertising

An unrivaled combination of features gives to rotogravure advertising on a national scale its satisfying economy. Every advertisement has not only the advantage of appearing in a section of high reader interest but in a publication of local importance. Even small advertisements have high visibility. Every reproduction is of fine quality and is achieved without cost of plates. A believable photograph of your product carries conviction when reproduced in rotogravure, the medium where class products are displayed. Your advertising agency, the representative of a rotogravure section, or a man from our Rotogravure Development Department can discuss the economy of national rotogravure with you.

Kimberly-Clark Corporation

NEW YORK
122 East Forty-second Street

ESTABLISHED 1872

CHICAGO
8 South Michigan Avenue

NEENAH, WIS.

LOS ANGELES
510 West Sixth Street

For years the paper setting the standard for every type of rotogravure reproduction, yet proving equally well suited to fine color or to black and white printing, has been a Kimberly-Clark product.

Color Is Coming in Men's Wear

THERE are three and only three colors outstanding in men's wear—blue, gray and brown, and these don't stand out. Men couldn't dress more to a type if their clothes were made in a Fordized factory.

The bond salesman who's afraid a touch of becoming color might divert the attention of a moneyed prospect from finance to neckwear; the banker who views gay kerchiefs as proof of living beyond one's income; the outdoor man who is chary of a colored shirt being mistaken for a manifestation of possible effeminacy—these dress with consideration for neither individuality nor physique, but to a stereotyped pattern. Save for a few metropolitan heroes with minds of their own, the only American male individualists, so far as dress is concerned, are certain college students, and not all forms of individualism are praiseworthy.

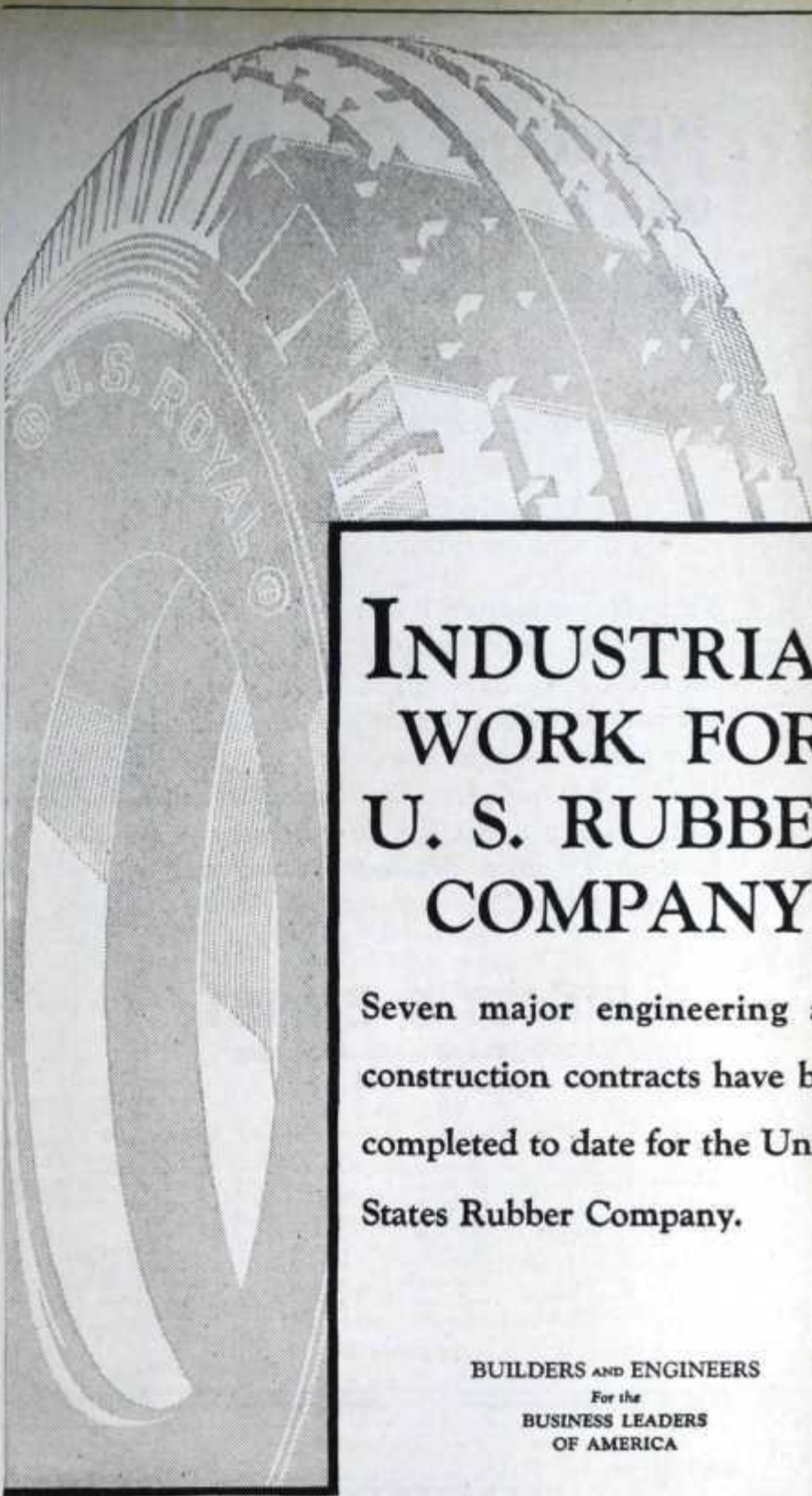
So, before colorful masculine apparel is sold in really great volume, the men's wear industry has at least one major problem to solve—the problem of convincing the average man of the fact that colorful apparel will make him look better, feel better, and yet conflict with none of the honored masculine virtues.

An inhibition, not a habit

COLOR in men's wear is a praiseworthy merchandising aim. The outstanding point is that the men's-wear industry, in this drive to put color on man, is not bucking any inbred habit. Man has no natural antipathy toward the brighter hues in clothing. From the time a baby grasps for a bit of colored tinsel until the doddering nonagenarian complains of the stolid grays which convention allots him, color is one of man's ruling passions.

We see, then, that the manufacturers of men's wear are not faced with the necessity of changing a habit but of removing an inhibition which has developed in masculinity within the last century or so with regard to the use of color in apparel. The craving for color itself is inborn, as natural as the appetite for food. Men who won't eat mashed potatoes 21 meals in succession must occasionally get bored with wearing blue serge suits, white shirts and anaemic neckties seven days a week.

Roughly, the standardization of



INDUSTRIAL WORK FOR U. S. RUBBER COMPANY

Seven major engineering and construction contracts have been completed to date for the United States Rubber Company.

BUILDERS AND ENGINEERS
For the
BUSINESS LEADERS
OF AMERICA

STONE & WEBSTER ENGINEERING CORPORATION

A SUBSIDIARY OF STONE & WEBSTER, INCORPORATED

Associated in Canada with WILLIAM MCCLELLAN and COMPANY, LIMITED, Montreal

"Budget Control"

What it Does and How to Do it

This booklet sets forth—

1. The reasons for a budget in business.
2. How each part of it should be prepared.
3. The principles of its effective operation.

Particular attention is directed to the booklet at this time, because of the peculiar importance of the budget in the control of finances and improvement of organization. The present edition is a second printing, revised and enlarged, of the original issued by Ernst & Ernst in 1925. It has forty pages with six exhibits. *Mailed on request of nearest office.*

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

AKRON	DALLAS	HOUSTON	NEW ORLEANS	ST. PAUL
ATLANTA	DAVENPORT	INDIANAPOLIS	NEW YORK	SAN ANTONIO
BALTIMORE	DAYTON	JACKSON, MISS.	OMAHA	SAN FRANCISCO
BIRMINGHAM	DENVER	KALAMAZOO	PHILADELPHIA	SEATTLE
BOSTON	DETROIT	KANSAS CITY	PITTSBURGH	TAMPA
BUFFALO	ERIE	LOS ANGELES	PORTLAND, ME.	TOLEDO
CANTON	FORT WAYNE	LOUISVILLE	PROVIDENCE	TULSA
CHICAGO	FORT WORTH	MEMPHIS	READING	WASHINGTON
CINCINNATI	GRAND RAPIDS	MIAMI	RICHMOND	WHEELING
CLEVELAND	HARTFORD	MILWAUKEE	ROCHESTER	WINSTON-SALEM
COLUMBUS	HUNTINGTON, W. VA.	MINNEAPOLIS	ST. LOUIS	YOUNGSTOWN

men's apparel started with the French Revolution, when the cry, "Equality of man," was perverted in its interpretation to include similarity of attire as a slap at the extremely overdone individuality of dress in court circles. That movement was just in time to catch the industrial revolution and the resultant facilities for turning out men's wear in standardized carload lots. A few brief minutes at the library, a promenade through the nearest art museum, will convince you that man's present day attire, as concerns color, is more or less of a degradation; it has not existed from time immemorial. So far as that goes, the soft-collared white shirt can't trace its popularity any further back than the World War.

The precedent of years is a hard thing to overcome, but if we boil down the loudest objections, we find there aren't many barriers still to overcome. Perhaps the biggest average peeve is nothing but plain stubbornness. The basis of it is this:

"Why should I fall in line with a movement that, whatever its aim may be as to individualizing us, has as its real motive the sole and selfish purpose of selling me 20 shirts in varying colors instead of the six white ones in my chifferobe now?"

An end not to be desired

TO WHICH it might well be asked, "Why should you have a coupé to drive to business, in addition to the family sedan?" Men have to wear clothes, but according to this argument, carried to a most logical conclusion, once their wardrobes contained sufficient cloth to cover their nakedness, there would be no more market until the old cloth wore out and the new was needed. Which might make for a stable industry but not a very live one.

Men's apparel manufacturers are merely out to modernize themselves to the point to which other American business is modernized.

It is illogical that the one thing to which style is most applicable—men's apparel—is the branch of American business where it is probably of least consequence.

As to the method of approach to this delicate problem, it seems that the tact and diplomacy the men's wear advertisers are showing in their publicity is impeccably smooth. The industry is not conducting its campaign on fashion in any strict sense, so much as on good taste and becomingness individually expressed. The gist of the appeal is that while fashion should indicate a gentle-



AN INVITATION

The Shawinigan Water & Power Company invites your inquiries regarding the advantages of locating your particular industry within its territory. Address

Department of Development

The Shawinigan Water & Power Company

Power Building • Craig Street West

MONTREAL, CANADA

What a Multigraph can do to Increase Sales



No one questions the worth of personal salesmanship, but *time* prevents salesmen from being with *all* buyers when they are in the buying mood. Nevertheless, territories must be covered . . . selling stories told . . . orders taken.

The job is one for MULTIGRAPH!

MULTIGRAPH will multiply your selling story by hundreds or hundred thousands . . . enable you to cover a city . . . a state . . . the entire nation, in the time required for a salesman to get into his territory and make a few calls. All through its ability to produce the *folders, booklets, post cards, price lists, and personalized sales letters* so essential to modern selling . . . at tremendous speed.

Savings Up to 40 Percent

Right in your own office MULTIGRAPH will produce your printed advertising, typewrite complete personalized sales letters . . . with savings up to 40 percent.

Administration, accounting, production, and service departments benefit equally with advertising and sales departments, through MULTIGRAPH ability to print stationery, office and factory forms.

Whether you operate a small or large manufacturing company, financial institution, wholesale business, or retail store, MULTIGRAPH can help increase your sales, decrease your selling and operating costs. A representative will give you specific facts upon request.



This booklet explains how MULTIGRAPH can help you increase sales. Your copy will be sent upon request.



**MODEL 180
MULTIGRAPH**
For complete letters.
\$145.00 and up, f.o.b.
factory.



**MODEL 60
MULTIGRAPH**
For printing
and letters.
Hand operated.
\$130.00 and up,
f. o. b. factory.



**CLASS 5200
DUFLIGRAPH**
For complete letters.
\$285.00 and up, f.o.b.
factory.



**FOLDING
MACHINES**
\$130.00 and up, f.o.b.
factory.



There is a Multigraph unit or combination of units that will exactly meet your requirements, and in many cases save you sufficient money to finance the sales promotional program needed to build business.

The American Multigraph Sales Co., 1802 E. 40th St., Cleveland, Ohio

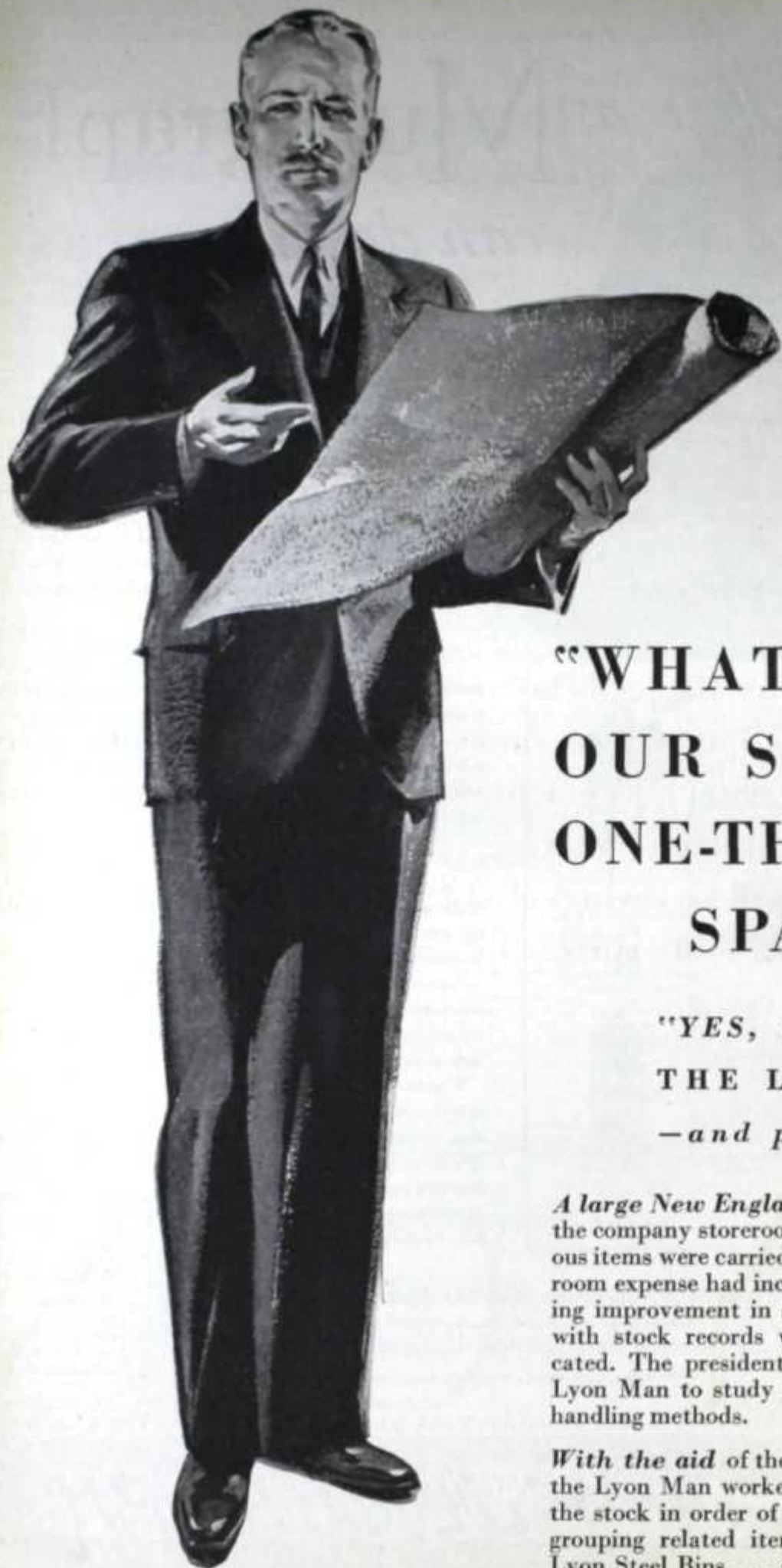
Addressograph-Multigraph of Canada, Limited, Toronto, Ontario

DIVISIONS OF ADDRESSOGRAPH-MULTIGRAPH CORPORATION

Sales and Service Agencies in the Principal Cities of the World

A COMPLETE SALES PROMOTIONAL DEPARTMENT FOR EVERY BUSINESS

The MULTIGRAPH



"WHAT! CARRY OUR STOCK IN ONE-THIRD THE SPACE?"

"YES, SIR!" SAID
THE LYON MAN
—and proved it...

A large New England public utility felt that the company storeroom, in which over 35,000 various items were carried, was being outgrown. Stock-room expense had increased without a corresponding improvement in service; checking inventories with stock records was becoming more complicated. The president of the company asked the Lyon Man to study their stockroom storage and handling methods.

With the aid of the company's service manager, the Lyon Man worked out a plan for rearranging the stock in order of frequency of requisition . . . grouping related items in adjoining sections of Lyon Steel Bins . . . stacking heavy "floor stock"

on tiers of sturdy Lyon Shelving . . . in exactly one-third the space occupied by the old stockroom.

The president was frankly skeptical until analysis of the Lyon Man's detailed blue prints revealed that Lyon "planned storage" actually provided more square feet of *working* storage space than the larger layout. That clinched the sale.

A 50% reduction in parts inventory and stock-keeping labor was an immediate result of the closer stock check made possible by this Lyon-planned installation. In a few months these savings more than repaid the cost of the Lyon equipment involved.

Could you effect a savings with an installation of steel fixtures carefully planned to meet all of the special features of your business? The Lyon Man can tell you—whether you manage a factory, office, school, hotel, warehouse or retail store.

"Planned Storage" is a unique service which the

Lyon Man offers; a complete blue-printed analysis of any problem—from the storeroom of a great railroad to the locker-room of the crossroad school. His recommendations are based on 30 years' experience in ferreting out dormant overhead in the nation's industries . . . in effecting savings in space, in time, in labor, and in operating efficiency.

There are many other reasons why you will save more with Lyon Steel Equipment; sounder engineering, superior design, greater capacity, wide adaptability, more durable finishes—*longer life!* Add Lyon Service, and you know why Lyon is awarded the majority of jobs against every kind of competition.

It costs nothing to have the Lyon Man analyze your storage problems. To obtain his services, address:

LYON METAL PRODUCTS, INCORPORATED
AURORA, ILLINOIS

Branches, Jobbers and Dealers in All Principal Cities

WHEN The Lyon Man calls he speaks with authority, not about your business, but his own—more efficient storage and display through the use of Steel Equipment. What this could mean to you in more economical manufacturing, or merchandising, he can tell you—*exactly*. That these savings are important is evidenced by the supremely successful enterprises he has served for thirty years.

A Few Representative Users of Lyon Equipment

The Willys-Overland Company
Firestone Tire & Rubber Company
Western Electric Company
New York Times

Standard Oil Company of New York
Continental Can Company, Inc.
R. H. Macy & Co., Inc.
Anaconda Copper Mining Company

Johnson & Johnson
R. C. A. Victor Company, Inc.
University of Michigan
Pierce-Arrow Motor Car Company



LYON

SERVICE

STEEL LOCKERS • SHELVING • TABLES • FOLDING CHAIRS • STORE FIXTURES • BINS
CABINETS • DISPLAY CASES • COUNTERS • AUTOMOTIVE PARTS-STORAGE SYSTEMS

INCORPORATED please mention Nation's Business

Better Business CONTROL



Ask the
"Y and E"
man



R. A. RICHARDSON, of the "Y and E" Branch in Los Angeles, is like all "Y and E" men, first an office planner and secondly a salesman. Furthermore, his expert services are free of charge.

Complete data on sales, sales outlets and salesmen can all be made instantly available through Visible Indexing—the accepted modern method of fact filing. In no other way can today's executive keep so clearly and positively before him the many vital facts necessary as the basis for decisions.

The "Y and E" Visible Index, the latest step in our more than half century of service to business, gives the executive better visual control. Numerous exclusive features materially increase the ease of record making—the speed of operators. A new mechanical principle and the best of materials extend the life of the system indefinitely.

Your "Y and E" man is a systems expert. Ask him to show you just how "Y and E" Visible Index can give you better business control.

YAWMAN AND ERBE MFG. CO.

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Export Dept., 368 Broadway, New York, N. Y., U. S. A.

Steel and Wood Filing Cabinets . . . Steel Decks . . . Steel Shelving
Visible Index Equipment . . . Safes . . . Office Systems and Supplies
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728 Jay St., Rochester, N. Y.
Send me without obligation
complete details of "Y and E"
Visible Index Equipment.

"FOREMOST FOR MORE THAN FIFTY YEARS"

man's selection of apparel, fashion should not dictate; but personality, position, complexion and such qualities should be the deciding factors. As Paul Poiret says of woman's dress, fashionable dress is not always good dress. It is the idea of individual becomingness, expressed in color, that pops out of men's-wear advertising more and more often nowadays.

Undeniably, save for this "inhibition" toward color, every man desires to be dressed as well as possible on a more or less definite expenditure. And it is just as undeniable, if you compare the average man's budget for dress with that of the average woman, this expenditure is often unreasonably low. No sane man would quarrel with woman's addiction to color and becomingness in her dress. Nevertheless, it is an unfailing source of wonderment why wives of successful men invariably dress to their position, while the husband, who spends his time earning the wherewithal, all too often does not.

The education of men to that knowledge is the end to which the men's-wear industry is moving. When the industry charts its course for so definite an objective, who will doubt its ultimate arrival? And who will deny that its arrival will be a blessing to the peasant-a-pod apparel of American men? —DOUGLAS J. MURPHEY, *Wilson Brothers, Chicago.*

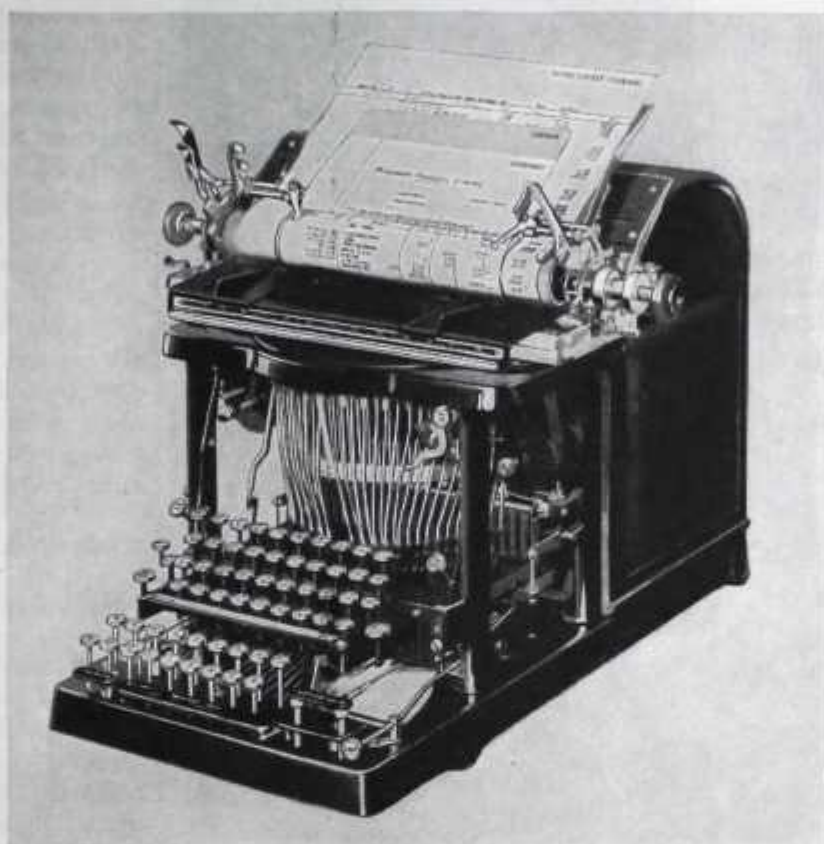


Chinese Honesty

CAPTAIN ROBERT DOLLAR, the Grand Old Man of the Pacific Coast, who has been decorated by two Chinese emperors because of their gratitude to him for increasing the commerce of their country, has a great admiration for the honesty of Chinamen.

"In all our millions of dollars of trade with the Chinese," he said in an address to the United States Chamber of Commerce, "we have never lost a single cent, never had a bad debt."

BURROUGHS *Typewriter Bookkeeping Machine*



SPEEDS UP THE WORK AND CUTS BOOKKEEPING COSTS

Thousands of firms find that Burroughs Typewriter Bookkeeping Machine not only furnishes neater, more accurate records and simplifies and speeds up bookkeeping, but also cuts bookkeeping costs.

For, besides posting ledger, statement and full-width journal (or any other combination of related records) at one time, it performs many operations automatically.

It is especially designed to handle accounts receivable,

accounts payable, general ledger, distribution, payroll, stock records and similar accounting work. Can be furnished in a variety of models for distribution to any number of classifications up to twenty.

Call the local Burroughs office for complete information or a demonstration without obligation on your part . . . or write to Burroughs Adding Machine Company, 6227 Second Boulevard, Detroit, Michigan.

Burroughs

When phoning your local Burroughs office please mention Nation's Business

THE NAME'S THE THING IN LOWER-PRICED PAPERS

MANY lower-priced bond papers "look good." One is good. Because it's made by men* and methods long associated with dependability.

So it's easy to play safe. Look for the watermark: "MANAGEMENT BOND—A HAMMERMILL PRODUCT." Then you can be sure, first, last and always, of satisfactory performance.

Eight colors and white in the full range of usual commercial weights. Your printer stocks Management Bond, or can get it for you promptly.

Mail coupon for samples.

*Hammermill men and Hammermill methods produce Management Bond, a Hammermill Product, at Hoquiam, Washington.

HAMMERMILL
MEN
MAKE IT

MANAGEMENT BOND
A HAMMERMILL PRODUCT

HAMMERMILL PAPER COMPANY
Erie, Penn.

Please send me a Portfolio of Management Bond, the lower-priced paper made by Hammermill men.

Name _____

Position _____

PLEASE ATTACH THIS COUPON TO YOUR OFFICE LETTERHEAD

When writing to HAMMERMILL PAPER COMPANY please mention Nation's Business

Military Service Was My Best Investment

(Continued from page 26)

advances of so-called adjusted compensation. If the total obligations because of the World War bonus, which is scarcely different from a deferred service pension, be included, pension-like benefits provided for World War veterans already total as much as has been paid in pensions for all wars before the last one.

Thus has war pensioning expanded geometrically in this country; but of course all else has done the same. Pensions were provided for Civil War veterans about three times as fast and munificently as they were for veterans of the Revolution. Today, I am getting about three times as much as was given the average Civil War veteran when he was my age and distance from the services rendered. I'll be glad to make a wager that the average World War veteran will receive three times as much as the average veteran in my group.

100 billion dollars

ASIDE from bonus loans, Government expenditure, because of military services in past wars, now approaches a billion dollars a year. Unless the pensioning trend turns downward as never before, the total will reach at least three billion before the peak is past. It will be a half century or more before the peak. The estimate of 100 billion total outgo before the last payment is made, in over a hundred years, is moderate.

This is not a criticism. The country is rich, many veterans made real sacrifices and we survivors of war forces are now so numerous that we can get virtually whatever we concertedly demand. All veterans are not pension grabbers in any sense but enough of them think and vote with pensions in mind to determine ordinarily any contest for place in the United States Congress. So, like Lord Clive, when we think of our opportunities we can be amazed by our moderation.

My military service was arduous, risky and I believe faithful but I profited immediately much more than I lost or suffered in performing it.

But if, as it has turned out, there was an accumulation of a reserve in the form of pensions held back until I was in looking distance of old age, all the better—for me. I don't believe that I am bumptious or factious when I say that I would want my boy to garner similarly should occasion arise.

65%

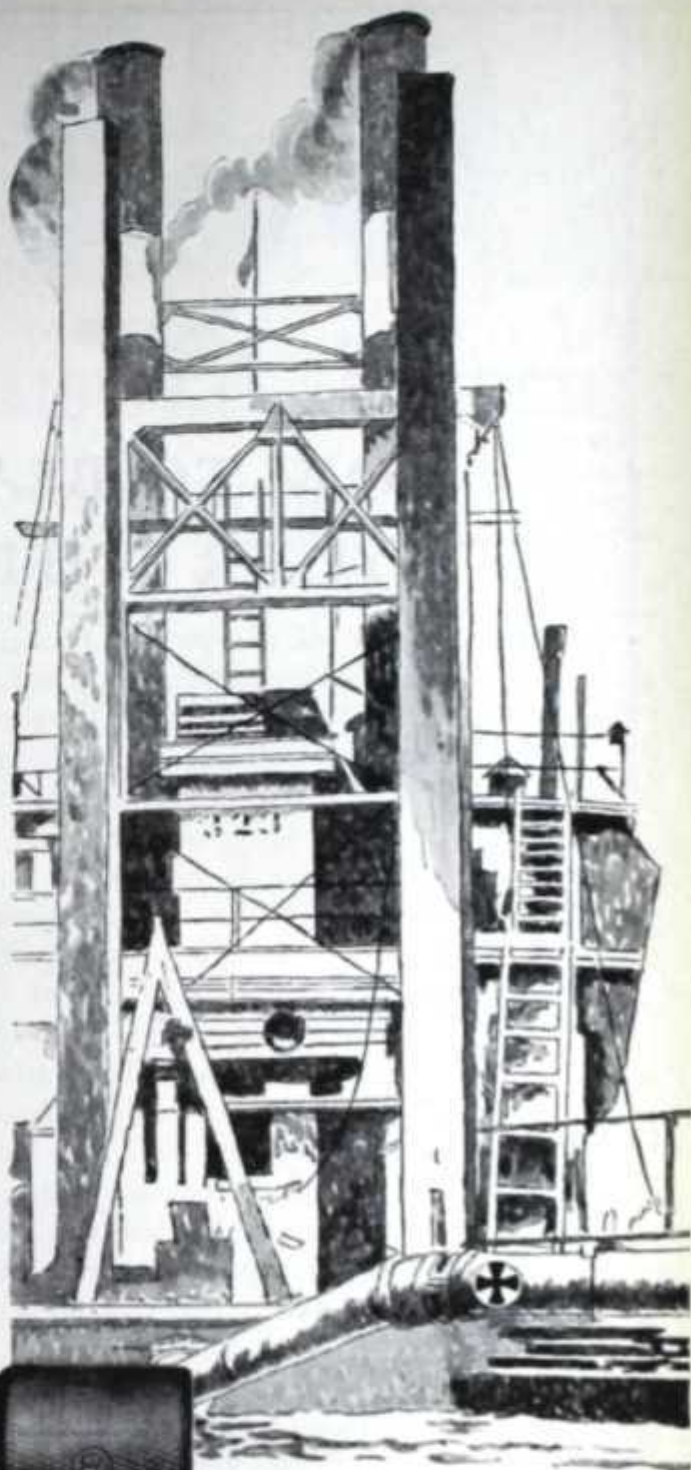
GREATER Endurance Under Abrasive Action

FOR years, Reading genuine Puddled Iron Pipe has been famous for its endurance under severe abrasive action. But it took a U. S. suction dredge boat, down on the Ohio River, to prove how great this endurance really is!

A test section of Reading Pipe was installed in the dredge boat's discharge line at a point where discharged sand and gravel was *shot upward* from the boat, and where wear would be hardest. The rest of the discharge line was made of ordinary pipe.

At the beginning of the dredging season, both the Reading Pipe and the ordinary pipe were new, and had exactly the same wall thickness. At the end of the season . . . after 714,000 cubic yards of sand and gravel had been pumped through the line . . . engineers found that the ordinary pipe had lost .162 inches of its original wall thickness, while the Reading Pipe had lost only .098 inches. Expressed in percentages, this represents 65% greater endurance for the Reading Pipe in spite of the harder service!

Reading genuine Puddled Iron Pipe . . . puddle-proofed against corrosion, abrasion and fatigue . . . is permanently identified by the *indented* Reading Spiral. Look for this mark . . . it is your best protection from substitutes.



✠ Section of Reading Pipe



For information and quotations address

READING IRON COMPANY Reading, Pennsylvania

Atlanta, Baltimore, Boston, Buffalo, Pittsburgh, Cincinnati,
New York, Detroit, Houston, St. Louis, San Francisco, Seattle,
Chicago, Philadelphia, Tulsa, Los Angeles, Kansas City

READING PRODUCTS

Pipe	Tubing	Casing	Nipples	Couplings
Bar Iron	Blooms	Cut Nails	Boiler Tubes	

You must get Reading genuine Puddled Iron Nipples with Reading Pipe—the best combination for soil, waste, vent and inside conductor lines.

READING PUDDLED IRON PIPE

Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Iron

When writing to READING IRON COMPANY please mention Nation's Business



HOW TO BEAT YOUR WIFE

NO LONGER need you swelter because the little woman won't tolerate the good old electric fan amid her lovely furnishings. No siree! You can beat her at her own game. We've designed a modernistic electric fan, utterly different in appearance—an exquisite bit of metalcraft, finished in rich silvery tones to harmonize with today's bright furnishings. At first glance you'll hardly recognize it as a fan—it's that decorative. But when you click the switch! Grand breezes, glorious breezes, cool breezes, pour through its chaste grill with nary a murmur. For within is one of those same silent, sturdy, trouble-free motors for which Robbins & Myers have been world-famous since 1898. All good electric shops carry this handsome new R & M Modernistic Fan. Take one home tonight, and park it, permanently, beside your favorite chair.

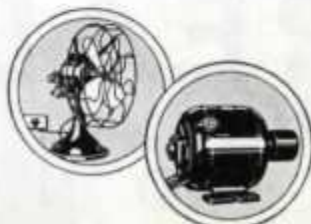
If you have a problem in electrical-motored machinery, come to Robbins & Myers. We offer you the facilities of a completely modern plant and the experience of 33 years' precision manufacture in designing, building and applying electric motors, generators, fans and electrical appliances.

Robbins & Myers, Inc.

Springfield, Ohio

Brantford, Ontario

1878



1931

FANS, MOTORS, HAND AND ELECTRIC HOISTS AND CRANES

A Milestone in American Business

THREE hundred students and faculty members of the National Institute for Commercial and Trade Association Executives, when they gather at Northwestern University, Evanston, Ill., August 2 for their annual study and lecture sessions, will participate in a program celebrating the tenth anniversary of the inauguration of their unique educational movement.

It was some 15 years ago that a few pioneers—chamber of commerce secretaries, all of them—first began to discuss the possibilities of collecting and disseminating the specialized knowledge necessary to successful workers in their field. Their discussions culminated in 1920 in a request to the National Association of Commercial Organization Secretaries, to set up machinery for compilation of available information on the subject and for aid in financing a school for chamber of commerce workers and those desiring to engage in such work.

After several long sessions with Association directors, a tentative program for establishment of such a school was prepared. Modest financial aid of the Association was also promised. Recognized specialists in technical subjects related to chamber of commerce administration were enlisted as textbook writers, lecturers and instructors.

Sponsored by U. S. Chamber

SPONSORSHIP of the Chamber of Commerce of the United States for the project was sought and obtained. Northwestern University agreed to supply the physical facilities for the school and to assist in arrangements.

With all details complete, the new school opened its first session in July, 1921. More than 150 students were enrolled, and the results obtained proved the value of the project.

Since then the Institute has grown steadily until now it enrolls some 300 annually for its two-weeks courses.

Meanwhile, on the Pacific Coast the Western School for Commercial Secretaries has grown up at Stanford University, serving as the educational medium for Rocky Mountain and Pacific Coast chamber secretaries who by reason of expense, distance and time find it impractical to attend the National Institute at Evanston. Offering a modified course, this School holds its sessions this year July 12 to 18.

KREOLITE

The Floor of Industrial America

NOT everybody can command the resources of research, analysis and experience that are possessed by the 269 leading industries of America. Not even the greatest of these great ones could alone command the good judgment of them all.

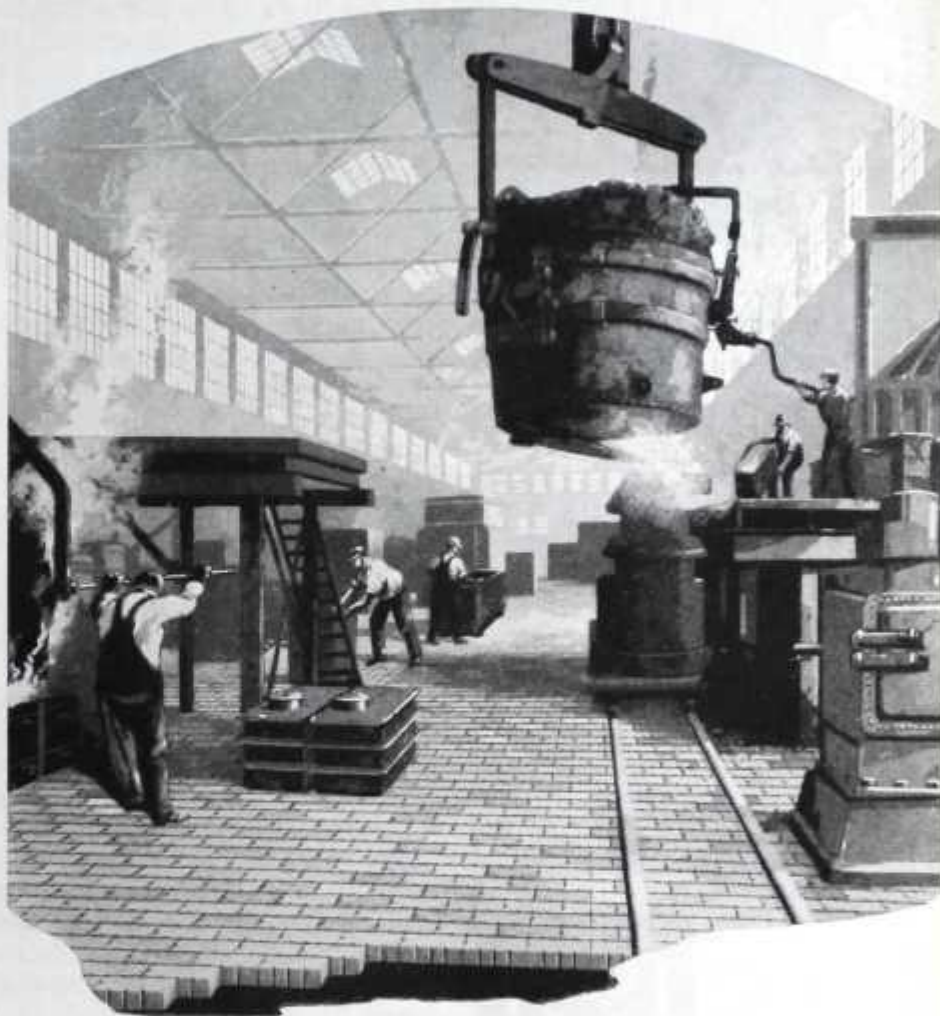
But where factory flooring is considered, the man who buys only a few square feet can make his selection just as intelligently as did any or all of these 269 companies who have bought acres and acres of flooring.

For these leading industries bought and continue to buy one kind of flooring. Today there are over 1,200 acres of Kreolite flooring laid in these 269 leading American plants.

They have been through the flooring problem with every aid that engineering skill, analytical science and purchasing acumen can provide. They have considered flooring from the viewpoints of suitability, durability, length of life, cost and investment value. And they specify Kreolite.

Kreolite floors serve where titanic machines pound and vibrate, where fleets of material carriers roll across the floors incessantly, where hot metals and heavy parts inflict severest punishment. In all the groups of industrial America—machine shops, foundries, warehouses, roundhouses, tanneries, paper mills, automobile and textile plants—everywhere Kreolite floors are outlasting the factory.

You can easily find out how Kreolite floors can advantageously be applied to your flooring requirements. Let Kreolite Engineers discuss it with you. You are in no way obligated. Write today for complete information.



The Jennison-Wright Company

2477 Broadway, Toledo, Ohio

Branches in All Large Cities

"Outlast the Factory"

FLOORS

WOOD
BLOCK

When writing to THE JENNISON-WRIGHT COMPANY please mention Nation's Business



Now FINNELL SCRUB and POLISH

each year an area equal to almost

HALF THE U. S.

In 1906, just an idea; today, the Finnell scrubber-polishers in regular use, cover, in the course of a year, a total floor surface equal to the area of this country east of the Mississippi.

Finnell is more than the name of a machine. It is a system of floor maintenance.

There is now a Finnell that scrubs and absorbs in one operation. Finnell-Kote, the latest Finnell development, makes it possible to apply wax and polish the floor in one operation.

Write for free booklet. State whether interested in waxing or scrubbing . . . or for business or home use. FINNELL SYSTEM, INC., 407 East Street, Elkhart, Indiana, or 130 Sparks Street, Ottawa, Canada. Branches in London and Stockholm.



FINNELL
Est. 1906
ELECTRIC FLOOR MACHINE
IT WAXES - IT POLISHES - IT SCRUBS



9 SIZES

allow choice of most efficient and economical for type of floor and method of maintenance.

When writing please mention Nation's Business

Business Views from 13 Lands

(Continued from page 45)

British credit. In 1928 he foretold the crash which was to come in 1929. He was perhaps the most handsome man in the British delegation. So erect that he seemed tall, blue-eyed, a lined and kindly face, topped with bushy white hair. The leader of the free-trade minority in the British delegation.

"If a Tory government is returned in England a policy of protection will follow. Then there will be another collapse.

"The world more than anything else needs a lowering of the barriers that hinder trade. The moment they are lowered the current will begin to flow. The period of readjustment will not be long or painful. This is based not on theory alone, but on practice. Under free trade, Great Britain has always sold more than she bought.

"When the business world understands the politicians will obey."

"Not badly," said Sir Alan Anderson. "Not badly at all. The patient is doing as well as can be expected. Can't expect much just now—"

Director of the Bank of England, of the Suez Canal, of the London and Scottish Railway and a shipowner. Before the war, he said, Great Britain was doing well. Even after the war, Great Britain was doing fairly well.

"Americans were misled by our unemployment figures. The fact is that we are working more men now than before the war and our import and export figures have been doubled. But we are not exporting men and women as we used to and so we have a surplus of man power. The same thing happened a century ago. Nothing to worry about if you take the long view. Inconvenient just now, of course—"

"What is the matter with you Americans? You seem to have no confidence in your own country."

Our frightened business men

J. E. JAMES, secretary of the Imperial Chemical Industries of Great Britain, had been traveling through the United States.

"I look at your cities and your huge expanses of farming land and know that nothing can ever stop you. You have not begun to grow. Then I listen to your business men. All frightened. Bah!"

Mr. James said a majority of the British delegation favored some form of protective tariff:

"I do not believe the coalition of the

Laborites with the pale shadow of the old Liberal Party will be able to hinder it."

Sir Harry Brittain was about to go flying—

"I preach flying all the time and practise what I preach—"

Tall, slender, ruddy, staccato. Voice high-pitched. Director of Napier and Son, Ltd., and owner of newspapers:

"Business men are slow. They do not realize on the speed that wings offer them.

"Trans-Atlantic travel by plane will be a 'commonplace' almost before we know it."

A free-trader's views

"COWARDS, you know. Just cowards. Business men, I mean. They hate facts. An economist is trained to take a set of facts and ask:

"But what comes after that?"

"And then:

"What comes after that?"

"A business man will say, 'Oh. We're doing all right. Go away and let me alone. Do not tell me bad news.'"

Dr. William Henry Coates proclaimed this heresy. Associate member from Great Britain and director of the Imperial Chemical Industries. An economist in the service of the government long before he went into trade. A free-trader, even if 96 per cent of those who voted in the Federation of British Industries, for which organization he was a delegate, had declared for some form of protection. Practitioner of paradox:

"You get up so frightfully early on this side—"

Therefore Dr. Coates got up hours earlier than he need so he could smoke several contemplative pipes before proceeding about his affairs.

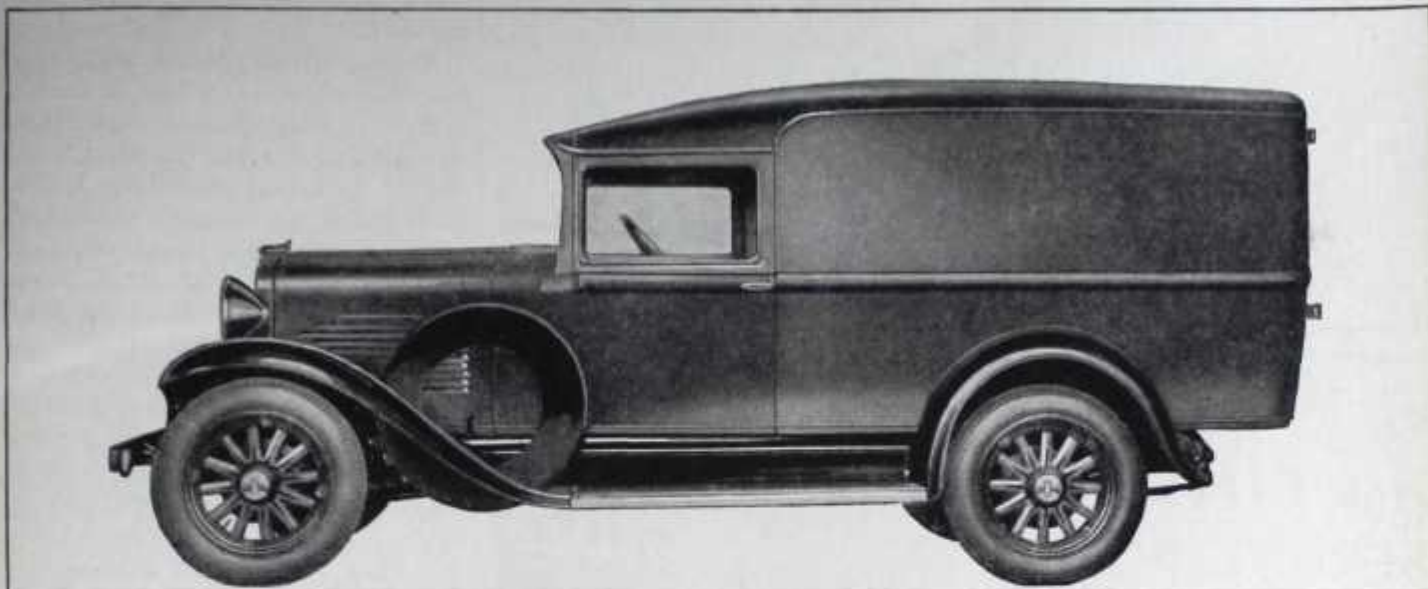
"Why didn't the International Chamber put its resolution about the war debts in language that everyone could comprehend instead of yammering about 'changed economic conditions'?"

"Germany must sell her goods to buy dollars and pounds with which to pay reparations. The value of her goods has decreased. Therefore she must sell more of them to buy the necessary number of dollars. Hence her burden has been increased. Simple as spring water.

"The Dawes Plan provided a sliding scale to meet precisely this sort of a situation but the Young Plan scrapped it.

"It is not cancellation the world is crying for, but common sense."

NEW WILLYS SIX TRUCKS



Chassis and De Luxe Sedan Panel Delivery, \$645. Smart Appearance. Inside body measurements, 72 inches long, 46 $\frac{1}{4}$ inches wide at floor, 52 inches wide at belt.

Smart, Distinctive

Willys Six Trucks combine graceful lines with advanced engineering . . . Bodies reflect a new de luxe style in delivery equipment, yet provide generous loading space . . . Two capacities— $\frac{1}{2}$ -ton and $1\frac{1}{2}$ -ton . . . Three wheelbases—113, 131 and 157 inches . . . 65-horsepower engine, full force-feed lubrication, floating type oil suction, 4-wheel duo-servo brakes . . . The $1\frac{1}{2}$ -ton units have 4-speed transmissions, full-floating rear axles. See your nearest Willys dealer, or write Willys-Overland, Inc., Commercial Car Division, Toledo, Ohio, for descriptive literature.

$\frac{1}{2}$ -ton chassis (113" wheelbase)

\$395

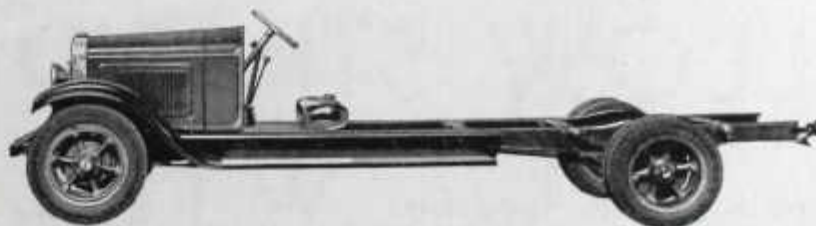
$1\frac{1}{2}$ -ton chassis (131" wheelbase)

\$595

f. o. b. Toledo, Ohio

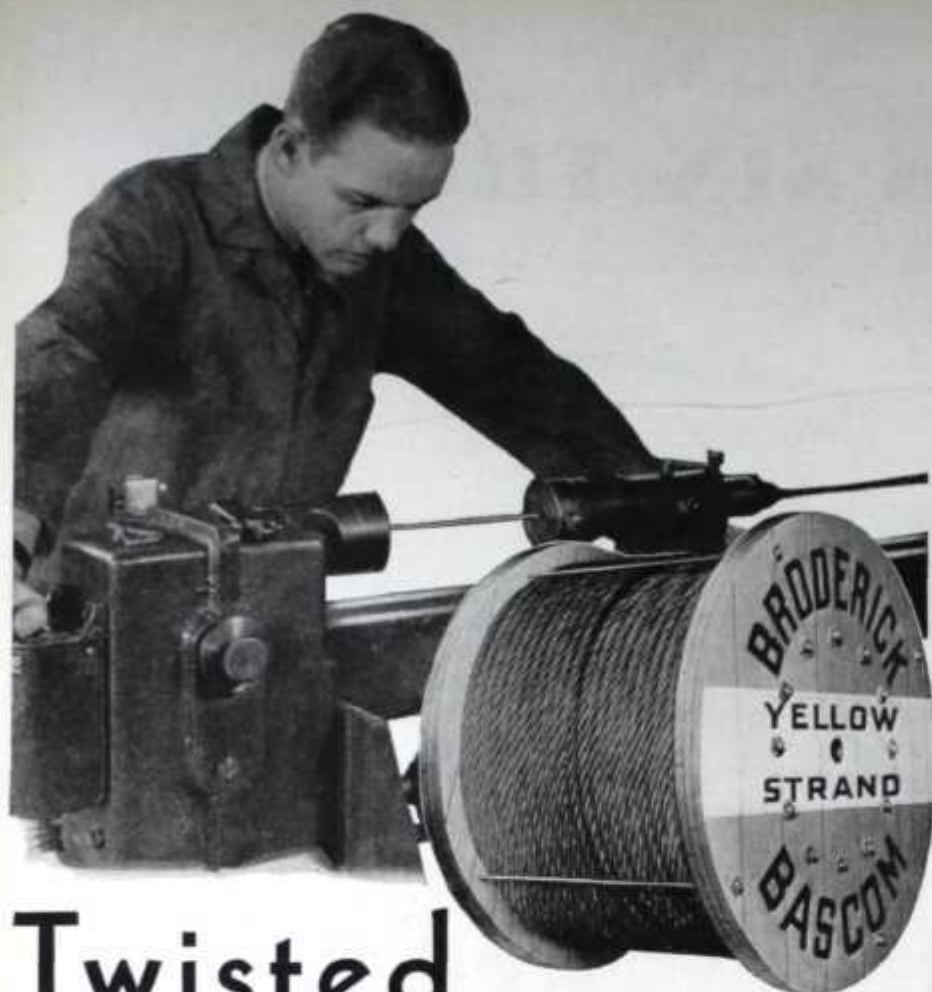
WILLYS SIX
157" WHEELBASE $1\frac{1}{2}$ -TON CHASSIS
MODEL CI57

For extra long or bulky loads. Priced \$35 over standard $1\frac{1}{2}$ -ton Model C 131. Heavier frame, sturdier bridge type cross members. Oversize single tires and dual wheel options at nominal additional cost.



COMPLETE WITH BODIES FOR EVERY BUSINESS NEED

When visiting a WILLYS-OVERLAND dealer please mention Nation's Business



Twisted till it Breaks

This wire is being twisted for a purpose—to determine its fitness for Yellow Strand, the super-rope.

Each twist is registered automatically. Finally the wire will break; and the number of registered twists will help put the "OK" or the "KO" on its character.

This is but one of several rigid wire tests that combine to maintain the great strength and economically long life of Yellow Strand. Its single strand of yellow is our mark of quality, and your protection.

Specify Yellow Strand for genuine economy.

Economical transportation of mine products, waste, etc., has been solved for many by Broderick & Bascom Aerial Wire Rope Tramways. Many types. Catalog on request.

YELLOW STRAND
Manufactured only by
Broderick & Bascom Rope Co.
ST. LOUIS
New York Houston Portland Seattle
Factories at St. Louis and Seattle
WIRE
ROPE
Makers of nothing but wire rope for 55 years

When writing to BRODERICK & BASCOM ROPE COMPANY please mention Nation's Business

They Sold No Apples in Hamilton

(Continued from page 33)

trucks collected it and took it to the central room, where the women sorted it, had it cleaned and repaired and handled distribution.

A recapitulation of the work done from November 24 to May 2 showed that 8,274 men and 583 women had been assigned to work. The men worked 127,533 hours and the women 10,034. As nearly as can be figured, 1,622 men and 183 women, all of whom were heads of families, were given employment. Their pay roll came to a total of \$51,963.24. Estimating five to a family, a total of 9,000 persons were benefited by the program. The men employed hauled 1,604 truck loads of debris to the city dump, and had cut up 247 cords of wood, of which 32½ had been sold.

Plan has proven success

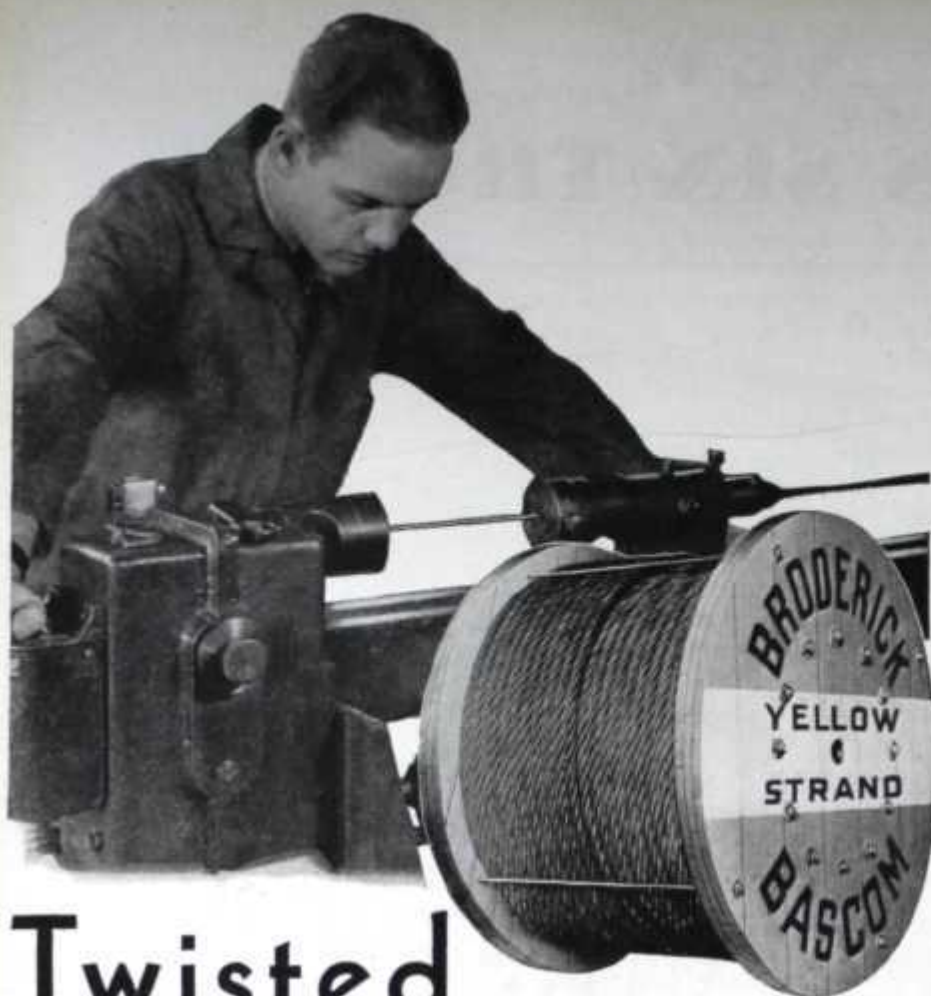
FURTHERMORE, the results are easy to see in any casual survey of the city. City Manager Price, who has followed the Plan from the first, sums up its advantages thus:

"The Hamilton Plan has given every man in the city who deserves it a chance to earn money by honest labor, to provide for himself and dependents. . . . It has provided only for Hamiltonians, and has kept out of the city all undesirables or unemployed from other places. It has all been done through voluntary contributions, without applying pressure of any kind.

"Furthermore, most of our contributions have come from those interested in the welfare of their own class, the employees and employed of the city, with the latter bearing the greater part of the burden.

"No one has been forced to beg food from his fellow citizens. Despite increased unemployment, there has been no increase in crime or in social unrest, but rather a lowering and steadying influence. There has been no increase in sickness or suffering, and no acute disasters as a result of the near-crisis.

"People everywhere are the same. What has been found adoptable and workable here should be entirely feasible in other cities. The people of Hamilton have responded from their hearts to avert what might have been a disastrous period, and we are all proud of what we have done. We have seen a situation coming and prevented it; we have met an enemy and made it a friend."



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This wire is being twisted for a purpose—to determine its fitness for Yellow Strand, the super-rope.

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Economical transportation of mine products, waste, etc., has been solved for many by Broderick & Bascom Aerial Wire Rope Tramways. Many types. Catalog on request.

YELLOW STRAND
Manufactured only by
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ST. LOUIS
New York Houston Portland Seattle
Factories at St. Louis and Seattle
Makers of nothing but wire rope for 55 years

**WIRE
ROPE**

They Sold No Apples in Hamilton

(Continued from page 33)

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When writing to BRODERICK & BASCOM ROPE COMPANY please mention Nation's Business



Buyers set a higher value on goods in nice containers



Fine confections would lose nothing in quality if offered in a paper bag—but would lose greatly in sales value. In a paper bag two dollar candy would be hard to sell at fifty cents! And what is true of candy is equally true of goods of every kind—an attractive package is a powerful factor in maintaining sales and sustaining prices.

In the competition to win the approval of the buyer, some manufacturers have found that the unusual, lustrous beauty of Bakelite Molded containers gives them a decided advantage. Boxes and jars of almost any design or dimension may be formed of



You will find this booklet most interesting and informative. Write for 42-M.

Bakelite Molded, with trademarks and ornamentation faithfully reproduced. Many attractive colors are available.

Bakelite Molded containers are being used for such varied products as beauty preparations, confections, safety razors, watches, precision weights, surgical instruments and poker chips. It may be that you too could make your goods more desirable in

the eyes of the public by offering them in attractive Bakelite Molded containers. We invite you to enlist our cooperation in adapting Bakelite Molded to your needs, and to see the many samples we have on display.



BAKELITE CORPORATION

247 Park Avenue, New York, N. Y. Chicago Office: 635 W. 22nd Street
BAKELITE CORP. OF CANADA, LTD., Dufferin St., Toronto, Ont.

BAKELITE

The registered trade marks shown above designate materials manufactured by Bakelite Corporation. Under the capital "B" is the numerical sign for inferring an unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

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JOHN HANCOCK SERIES

What are You doing about Group Insurance?

TODAY more than 6 Million lives are protected by approximately 10 Billion dollars in Group Insurance, the greater part of which is based on the co-operative effort and cost-sharing of employers and employees.

This is real co-operation in a practical way. Employers of industry who are interested in this subject will want to read our booklet, "Management, Men and Motives." May we send you a copy?

John Hancock
NATURAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

N.B. Over Sixty-eight Years in Business

Bound Papers



are safe papers!

ARE your important records safely filed? They can be. Acco Fasteners—those inexpensive filing safeguards bind papers neatly, accurately, compactly, in handy book-like form. Every record in its original place—the whole story between your thumb and forefinger!

Impossible to misfile, lose or mix up correspondence. The two prongs on the broad base of the Acco Fastener hold its lock compressor strip down and keep every paper in chronological sequence.

Acco Fasteners save filing time, trouble and annoyance. The first filing operation is the last! Find papers where you filed them. Safeguard your important records now before serious loss makes you wish you had protected them with Acco Fasteners. Write for sample and name of nearest dealer.

ACCO PRODUCTS, INC.
Long Island City N.Y.
Acco Canadian Co., Ltd., Toronto

ACCO FASTENERS

When writing please mention Nation's Business

WHAT I'VE BEEN READING

By WILLIAM FEATHER

President, the William Feather Company, Cleveland

STUART CHASE is probably the most entertaining, and in some ways the most penetrating, critic of current economic and social life in the United States. The perplexity which he exhibits in the essays that comprise "The Nemesis of American Business,"¹ gives charm to the volume.

Chase can see both good and evil in mass production and distribution. He is eloquent on both sides. His account of the achievements of the A. O. Smith Corporation, where they employ seven salesmen and 600 engineers, is vivid and moving, and the philosophic deductions which he makes from this amazing demonstration of engineering skill are calculated to thrill even those who at present are the victims of technological unemployment.

In other essays, Chase vigorously assails the noise, ugliness, insecurity, disorder, and ruthlessness of our civilization. He is distressed by billboards, dirty streets, frowzy windows, dilapidated and abandoned buildings, beaches strewn with empty cans, bottles and garbage, and highways littered with abandoned automobiles. He wonders whether somebody will not exploit the profit that exists in cleanliness and beauty.

To the man of "over 40" he extends sincere sympathy in his dilemma when job-seeking, and shows how he has lately become the victim of humanitarian schemes. Many large corporations now have pension plans, which become automatically operative at the age of 70 if the employee has completed 25 years of service. The temptation is strong to avoid complications by hiring a man who may complete only fifteen or twenty years of service by the time he reaches seventy. The hiring age is therefore pushed back to thirty-five or forty.

Another protective measure that hinders the older man is group insurance. The rate on young men is low, on older men comparatively high. Other things being equal, the employer is tempted to

restrict the employees to the younger group.

Chase suggests state old-age insurance to correct the discrimination against the employment of older men. He also suggests a survey of jobs to discover what positions the older man is capable of filling as well or better than the younger man. He is convinced that there are millions of such jobs, and that the present discrimination is arbitrary, stupid, and criminally foolish.

I found the greatest delight of the whole book in the last essay, called "A Private Utopia." In checking my own likes and dislikes against Chase's list, I found myself in substantial agreement with him. I noted that money was at the root of most of the evils he complained of, but that money was not particularly at the root of the blessings he prizes.

He objects, for example, to earning a living at disagreeable work. He objects to poor food and eating in ugly places. He dislikes formal entertainments, particularly dinners devoted to the raising of funds for worthy causes.

He likes "a vivid awareness of health," good food, sunny houses, modest praise, the company of friends, reading good books, lively discussion, day-dreaming, amusing parties.

In contemplating Chase's list of likes, I am unable to see why he finds them so difficult to achieve in this era. He could escape the majority of the evils of which he complains by leaving New York City. He could achieve most of the likes by the same method.

New York City offers certain delights and circumstances that exceed anything to be found elsewhere in all the world. But the law of compensation operates here as everywhere. When one is easily accessible to friends, one is equally accessible to bores. But Chase, like the rest of us, wants to eat his cake and have it, too.

"NEW EMPIRES"² by Karl A. Bickel, president of the United Press, is an ex-

¹The Nemesis of American Business, by Stuart Chase. The Macmillan Company, New York. \$2.

²New Empires, by Karl A. Bickel. J. B. Lippincott Co., Philadelphia. \$1.50.



THE CROW AND THE PITCHER: One hot summer day, a thirsty crow found he could not reach some rain water in a discarded pitcher. He dropped pebbles in the pitcher until the water rose so he could quench his thirst.

Have you an advertising problem that reproduction can solve? A new and startling color effect you seek? A product that is hard to picture in natural color? A product that damages the printing ink on the package—or printing ink that damages the product? . . . We at I.P.I. believe that every reproduction problem has its answer—if the same careful **THOUGHT** used in the plan and preparation, continues through reproduction. Advertisers who realize that the selection of thinking craftsmen is far more important than the saving of a few cents per thousand on the bid—know that profits come from answered problems. . . . The advertiser who deals with a thinking craftsman finds that I.P.I. Inks and I.P.I. Service are a vital part of that craftsman's equipment.

ipi

THE INTERNATIONAL PRINTING INK CORPORATION

75 Varick Street, New York City • 26 Branches in principal cities

3744 tons

of increased pay-load in One Year with an Aluminum Truck Body

The facts of that headline are worth repeating. Once the old dead-heavy body was replaced by one made of Aluminum, the same chassis carried 3,744 extra tons of gravel a year. And not a penny more was spent for gas, oil, tires or man-power.

A well known Wisconsin company (name on request) owns and operates this particular truck. The original body was replaced by one made of the strong alloys of Alcoa Aluminum. Result! 2,080 lbs., deducted from dead-load and added to pay-load. This increase in hauling capacity was accomplished with no increase in operating costs. Making an average of 12 trips per day, this allows the operator to write off the extra cost of the Aluminum body in about one year. From then on 12 extra tons per day are hauled free.

Results like these are so compelling that all forms of transportation: buses, trucks, street cars and railroad rolling stock are eliminating surplus dead-weight with "ALUMINIZED" equipment.

Great weight-savings are brought about by the use of the strong alloys of Alcoa Aluminum, equivalent in strength to structural steel but having only $1/3$ its weight.

Standard structural shapes of the strong alloys of Alcoa Aluminum are carried in stock. Sheets, plates, moldings, rivets, bolts and screws are also available.

The booklet, "Alcoa Aluminum For Truck Bodies," contains the histories and operating data of many aluminum bodies now in use. It also has working drawings and bills of material for several different types of bodies. Write for it. ALUMINUM COMPANY of AMERICA; 2435 Oliver Building, PITTSBURGH, PENNSYLVANIA.

 **ALCOA** 
ALUMINUM



(At left) Details showing typical body construction from under side. (At right) View showing punching and formation of standard sheets.

citing survey of modern tendencies in the American newspaper and in radio broadcasting. Americans have been told until they are sick of hearing it that they lack an international point of view. Bickel denies this. He maintains that the average American newspaper reader is better informed on world events than the news-consuming public of any other place in the world. The volume of foreign news distributed by American agencies has multiplied 20 times in a decade.

The book is an amplification of an address which Bickel delivered to a class in journalism. Part of the book is concerned with the training of a newspaper man. The author says that the future journalist may safely ignore much ancient history. He might better devote his time to the comprehension of what makes current history.

"For instance," he asks, "what great international war is on at present? What is the prize? Who are the commanding officers? Who is Charles F. Meyer? Who is Herbert L. Pratt? Who is Sir Henri Deterding? Who is Ivy Lee? Where does the Soviet Union align itself with these contending forces? What important wars of conquest are now on in the United States? Who are the Van Sweringens? Who is General Atterbury? What do you know about Loree? Who is Ivan Kreuger? Where are the boundaries of his empire?"

To learn what will be the foreign policy of our nation tomorrow he advises students to watch and listen to Owen D. Young, Newcomb Carlton, Walter S. Gifford, J. P. Morgan, the Guggenheims, Frank C. Munson, General James G. Harbord, Charles E. Mitchell, Myron C. Taylor, Stanley Dollar, Sosthenes Behn, Will H. Hayes, Henry Ford, Charles A. Lindbergh, Victor M. Cutter, Sidney Z. Mitchell, Jackson E. Reynolds, Walter C. Teagle, James M. Farrell, Cornelius F. Kelley, David Sarnoff, and P. W. Chapman.

"It is infinitely more important," he says "for a prospective editor to know about the ramifications of the United Fruit Company or the Anaconda Copper Mining Company than to know the historical boundaries of the Roman Empire; it is far more essential to know the history of the United States Steel Corporation than to know the history of Greece."

In the section of the book that discusses radio, Bickel does some critical pioneering. He compliments the Government for avoiding bureaucratic control of radio. To this fact he attributes the excellence of our broadcasted programs. Both press and radio must resist with all their might any attempt to re-

strict the freedom of what is said over the air.

Radio, he warns, must not attempt to dislodge the newspaper as a news distributor or as a creator of advertising energy, or the newspaper will be compelled to fight to protect its very life. He believes that this contest can be avoided, although he concedes that there are indications that the struggle may be inevitable.

An imposing list of newspapers already is engaged in radio broadcasting and many are experimenting with the sale of radio and newspaper space as a single unit. By the exercise of "unusual care, consideration, and forethought" Bickel hopes that radio and the newspaper may each be kept within the limits of its proper territory.

In a striking prophecy, Bickel forecasts that within a decade the reporter will utilize type machines fitted with tape ready for immediate insertion into an automatic linotype. Editors and copy-readers will no longer read type-written copy but perforated tape.

THE underwriters and authors of "Middletown," published about a year ago, interviewed thousands of people in assembling the data for their pedagogical tome. It revealed a middle-western city, naked and bleeding.

Philip McKee, the author of "Big Town," has done the same kind of job for the Gem City (Dayton, Ohio), but instead of employing a staff of imported assistants, he has merely spent most of his life in the town, getting boiled out in the Y. M. C. A. baths, collecting money for the Community Fund, dropping into the churches for Sabbath services, shooting golf at the Country Club, drinking highballs at the downtown clubs, discussing the business situation with bootleggers, plumbing the literary tastes of his dinner partners, and, in his earlier years, occasionally strolling down the Line or dropping in for a social call at the Bon Ton Hotel, managed by Lib who ran a "house" from 1876 to 1915, and died in 1923, leaving an estate of a half million dollars.

The result is a delightful, readable human document in which the social, religious, business, educational, cultural, and sinful life of every big town in America is accurately and sympathetically disclosed. McKee perceives the stupidities, hypocrisies, and jealousies of his fellow-townsmen, but he acknowl-

²Big Town, by Philip McKee. The John Day Company, New York, \$3.



RA-TOX Shades keep out sun-glare and heat, but admit from 30% to 40% more light and air than ordinary shades. They reduce room temperature from 10 to 20 degrees—ventilate without drafts—allow for independent operation of center-swing ventilators in steel sash. Made of attractively colored, permanently stained, or aluminum finished, wood strips woven parallel. They are practically wear-proof and will serve you for twenty years or more. Brackets and fixtures that perfectly adapt this shade to all types of sash have been developed.

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The fact that Hercules Powder Company uses Hackney Permanent Steel Containers for domestic and foreign shipments of nitro-cellulose is impressive.

But when we add the names of such an array of industrial giants as: DuPont, Colgate-Palmolive-Peet, Tanglefoot, Sherwin-Williams, Eastman Kodak, Illinois Central R. R., Standard Oil (Calif.), Procter & Gamble, Cook Paint & Varnish and Vacuum Oil—to the long list of

Hackney users—that's convincing evidence that here is something worth investigating in the interests of your own shipping costs.

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Hackney

MILWAUKEE

When writing to PRESSED STEEL TANK COMPANY please mention Nation's Business

edges their good intentions and admires their ambitious and dynamic plans for building a greater city.

The chapter entitled "Lib" is a deft and precise sketch of a type of womanhood that heretofore has been sadly mishandled in literature. Lib, a creature of magnificent physical proportions and elegant manners, was sole owner of the Bon Ton Hotel in the Gem City for more than 30 years. Her place enjoyed and prospered unholily from the patronage of the carriage trade. She saved her money, became the owner of more than a hundred pieces of real estate, contributed generously to the Community Fund and Flood Relief, and even to the Y. M. C. A. because, as she explained, "many of the boys are my customers."

On page 157 is related an incident so choice that the book will long be prized by those who enjoy robust Rabelaisian humor.

Sherwood Anderson writes a preface for the book in which he predicts that the Big Towns will soon blow up. There will be what he calls a "tangled time."

THE jacket of "The Highway to Success" informs the reader that C. Harold Smith was born in London, England, and at 15 ran off to the South Seas. For a few years he was an adventurer, and then he settled down to steady work in this country. He rose to a partnership in "one of the world's leading businesses," and now, in his 70's, is retired.

What annoys me is the vague identification of Mr. Smith's business connection. I have long pleaded that exact biographical notes be included in books.

Mr. Smith says that his book is not for people who merely wish to be comfortably successful. He writes for those who seek a big success—a material success—lots of money. One way to do that is to go where money is. That's why he left England, the South Seas, and other places, and came to America. He suggests that young men connect with businesses that are growing and changing.

Everything in this book confirms what has been said by countless others who have given advice on how to get ahead. Mr. Smith made an unusual success of his own life, and thereby qualifies as an expert.

I consider "The Highway to Success" one of the best of the books on success. Thousands of young men are eager to know the thoughts and experiences of practical business men. They can safely turn to this book.

"The Highway to Success," by Harold Smith.
D. Appleton and Company, New York.
\$1.50.

Where your sales are Coming from

QUESTIONS AND ANSWERS

What is a "shopping center"?

For the purposes of "Population and its Distribution," a town with three or more department stores with a rating of more than \$200,000 each, has been designated a "shopping center"—except where a town of this type is obviously subordinate to a larger city near-by, in which case the smaller town is designated a "sub-center."

What is a "shopping area"?

In general, the territory within which one of these "shopping centers" is more accessible than any other "shopping center."

Into how many "shopping areas" is the country divided?

681.

Do more people live in the five cities above 1,000,000 in population or in the 1,332 towns between 2,500 and 5,000 in population?

15,064,555 people—12.3% of the total population—live in the cities of more than a million. 4,717,590 people—3.8% of the population—live in towns from 2,500 to 5,000 in size.

How many shopping areas is it necessary to cover to reach one quarter of the country's population?

13 areas have a population of 34,382,379—or 28% of the total.

How many shopping areas must be added to reach the second quarter of the population?

68. They contain 26.9% of the total.

How many must be added to reach the third quarter?

162—containing 22.4% of the total.

How many areas must be covered to reach the fourth quarter?

438 areas, tributary to centers of less than 25,000, contain 22.7% of the total population.

What important shopping area ranks highest in individual income tax returns in proportion to population?

The San Francisco area, where one person out of 13 makes a return. In the New York City area, one person out of 14 makes a return. In the Chicago area, one person out of 15.

How many families—individual income tax returns—farms—home telephones—residential lighting customers—automobiles costing under \$1000—and automobiles costing over \$1000—in each State? . . . How many people—individual income tax returns—automobiles costing under \$1000—and automobiles costing over \$1000—in each County in the United States?

The answers to these and many other significant questions are at your fingertips in "Population and its Distribution."

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Business Has Had Its Ups and Downs

(Continued from page 37)

the cities. But the depression of 1929 spread to every class. How like 1720!

The boom spread over the entire civilized world. Millions of people bought securities of which they knew nothing simply because some one told them that the price was going up. They had no idea of investing—they were, in fact, simply placing a bet. For several years they usually won. With their profits they bought additional stocks. Promoters created new stocks to satisfy the speculative craze. They, too, made huge profits. How thoroughly deluded the entire populace was can be seen from the fact that even the promoters, as a rule, reinvested their profits.

Prices were run up on the supposition that the companies would earn enormous profits in the future. When the quotations reached a height that couldn't be justified by even these supposititious prospective earnings, the public glibly invented for itself the theory that we were in a "New Era."

Stocks caused inflation

WITH millions of people fancying themselves to be rapidly growing rich, it naturally followed—just as in 1720—that liberal spending became the order of the day. General business flourished.

Stock prices, encouraged by this increased business, surged forward. Nobody thought or wanted to think of the morning after. The very people who are

now clamoring for a congressional investigation of Wall Street were the ones who formed the mainspring of the bull movement. Not Wall Street, but Main Street made the boom of 1929.

Cashing in brought the crash

THE end came, as it always does, when a few of the more far-seeing begin to discern the end. They cashed in—their action tended to sober the next class and so on. Then the crash came. Millions who, during the last few months of the boom, were admitting to themselves that the affair had become an insane orgy, nevertheless continued to play the market. They trusted to their own foresight and agility and expected to beat the other fellow to the door at the first sign of trouble.

They all forgot that there has to be a buyer for every seller and that as soon as there are only 49 buyers to 51 sellers the crash comes. There is nothing new in all this—it has been demonstrated in every panic—but it is a lesson humanity has to learn afresh ever so often.

The first crash wiped out some, but not all, of the paper profits of the preceding years. The drop between September 1 and December 1, 1929, in the value of securities dealt in on the New York Stock Exchange alone, was calculated at about 26 billion dollars. Securities dealt in on local exchanges in other cities—securities dealt in privately or

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The Continental Motors Corporation, although grown into the largest gasoline engine company in the world, still maintains a close working contact and understanding with its clients.

Each division of Continental is operated with a view of answering specifically the needs of each individual client.

Continental Motors Corporation

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Frenzied speculation in tulip bulbs in Holland brought five years of world prosperity ending in the first panic in 1635

An ordinary Paper and exerts more pressure



Through control of sound, Johns-Manville battles NOISE—estimated to cause an annual loss to business greater than the ravages of fire

BANG! It bursts. Just noise. Made by an ordinary paper bag. Receiver—the human ear, shortest avenue to the brain. Result—brain pressure raised to four times normal . . . a thirty-second interval before return to normal.

Crash! A tray of dishes drops to the floor. Nerve shock on the part of nearby persons who are eating.

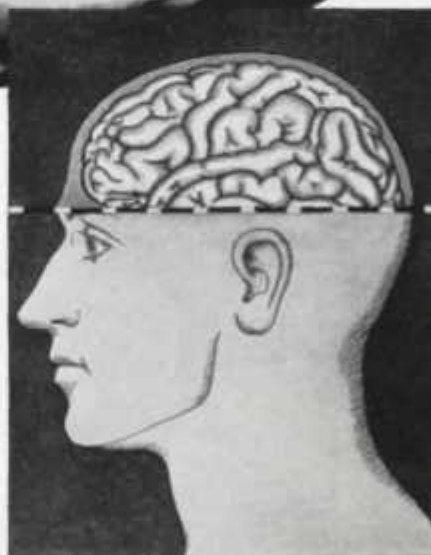
Tap, tap, tap—click! Tap, tap . . . 300 girls are working in a room with 175 adding machines. Twenty-five a day visit the company's medical department.

Loud noise . . . shrill noise . . . NOISE!

Whistles, bells, tramping feet, riveting machines, the fire siren, slammed doors, voices. NOISE—drained energy, fatigue, inaccuracy. NOISE, labeled by science one of the chief causes of insanity.

And now a proved way to subdue noise—to control it—by Johns-Manville.

For over 18 years, Johns-Manville engineers have studied NOISE. They learned the elements of sound. They learned that sound energy must be absorbed if noise was to be deadened. Hence the development



"Morphine and nitroglycerine raise pressure on the brain more than any other drug, but sudden noise raised it suddenly more than did hypodermic injections of morphine or nitroglycerine."

(From report of the Noise Abatement Commission, Department of Health, City of New York, 1930.)

of the complete line of Johns-Manville Acoustical Materials which are placed on walls and ceilings and which tend to absorb sound as a sponge absorbs water, or a blotter absorbs ink.

Sound waves are prevented from the violent rebounding which produces reverberation and to an increased degree, NOISE.

During years of development, the use of Johns-Manville Acoustical Treatment has

Bag bursts ... on the Brain than *Morphine**

*On experimental subjects: From 1930 report of the NOISE ABATEMENT COMMISSION, New York City

extended to more and more businesses, industries, institutions. Today, in offices, factories, stores, hospitals, schools, banks, it absorbs sounds produced within the rooms or adjacent streets, relieving workers or patients from an unseen burden.

In broadcasting studios, hotels, high-grade apartments, studio buildings, it isolates sound—confines it to the room in which it is produced—to the relief of neighbors.

In theatres, churches, auditoriums, places of outdoor assembly, it guides sound to the ears of the listeners, and quells reverberations.

Acoustical materials, as produced and applied by Johns-Manville, fit well with the scheme and decoration of any interior. In fact, their effect on appearance is altogether favorable. They are as easily refinished as plaster. They are not affected by moisture.

Most important, they bring the blessings and PROFITS of quiet ... What is noise costing YOU and your associates? In nerves ... health ... money?

The names of the firms and institutions which have met this problem through Johns-Manville read like an honor roll.



Quiet aids restaurant business

Errors reduced 42% in Western Union office ...



Telegraphers find profit in quiet

CLERKS at telephones typing messages. Pneumatic tubes or belt conveyors rushing messages to the Operating Room. Operators translating words into dots, dashes on the wires ...

This is the routine in the Cleveland Office of Western Union. Scores of typists. Scores of operators. NOISE. Johns-Manville Acoustical Treatment was installed ... Errors were reduced 42%. Speed increased. Cost of handling each message was reduced 3%. Net result, in money—a return of 67% yearly on the cost.

The Cleveland Office of Western Union is but one of 20 sound-treated by J-M. When the Western Union Building was built at 60 Hudson Street, New York City, approximately 300,000 square feet of J-M Sanacoustic Tile were used to control sound in the telephone and operating rooms, clerical offices, restaurants and kitchens.



A church that is acoustically correct ...

THE First Baptist Church, Shaker Heights, Cleveland, makes services and sermon audible even in remote corners. Ordinarily, in a church building of this type, worshippers would find it increasingly difficult to hear beyond the fifteenth row.

J-M Sanacoustic Panels—4500 square feet of them—were used to insure audition.

J-M engineers were called in, noted dimensions, angles, areas. The acoustics of the church were studied, charted. Sound control was prescribed to meet the conditions exactly. As a result, there is no difficulty in hearing the words from the pulpit, even in the farthest pews. Attendance has grown steadily in "the church that is acoustically correct."



Worshippers in every pew can hear clearly

Business increases 6% in a dull month

PATRONS didn't complain, but the management of Greenfield's Restaurant, Detroit, Mich., realized that the scraping of chairs and clatter of dishes were not assets of the business. It was determined to bring sound conditions in this eating place up to the quality of food and service.

Johns-Manville Acoustical Treatment was

installed, and business increased 6% in the dull month of August, 1930, over the previous seven months' average. Moreover, the August, 1930 business was 3% ahead of that in August, 1929—before the Great Crash.

The management of Greenfield's is satisfied that Johns-Manville Sanacoustic Tile has pleased customers, built business.

Johns-Manville



Controls

HEAT, COLD, SOUND

Protects against

FIRE AND WEATHER

Reduce YOUR Bearing Costs Increase their Life

If your company uses bearings, as part of the equipment you build or for maintenance, you owe it to yourself to have the facts on

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It is a bearing metal made by a process in which the virgin copper, tin and lead are so compounded that the bearing becomes proof against burning, scoring, seizing, corroding or pounding out.

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over the counter—suffered an even greater percentage of loss. We can only guess at the size of the wreck.

After the big crash of September, 1929, a new factor, however, began to operate. The market didn't behave at all according to custom. It recovered in the spring of 1930 and many operators, believing the worst to be over, again stepped into the market. Then another and persistent decline set in that puzzled the professionals. Professional short selling, an instrument familiar to Wall Street, was blamed. But the short sellers seemed to be able to buy their commitments easily at a profit and proceed merrily to the next short selling operation. This couldn't have been repeated as frequently unless stocks were coming from somewhere. Wall Street was stumped.

A very important factor had been overlooked because it had never been present before. Never before had the stock market had to contend with the "unwilling investor" in numbers large enough to be a major factor. Wall Street underestimated the collective power of millions of chauffeurs, cooks, miners, and school teachers who had bought a few shares of stock outright because no credit facilities were open to them.

When the crash came, some became panic-stricken and sold, but many held their stocks for the "reaction." When the reaction did come in the spring of 1930, some began to sell. The collective holdings of this class must have been tremendous and as long as these stocks were in such unwilling hands the market was in a vulnerable condition.

Lavish spending was stopped

THE investment trusts to some extent also presented a variation from other panics. In some respects they tended to soften the crash, but many of them, later becoming skeptical, added to the secondary weakness of the market.

When millionaire and miner, broker and butcher, all suddenly find their imaginary wealth wiped out you can't expect lavish spending to continue. Not only did spending stop, but many had difficulties in meeting obligations already assumed.

In this connection it may be well to mention that payments on instalment sales held up remarkably well. New purchases on this plan dropped off but payments on old purchases were maintained far better than one would have expected. The instalment sales method has come through a rigid test and is doubtless here to stay.

Eminent economists tell us that the

present trouble with business is mainly overproduction. Some think it is underconsumption. Perhaps they are both looking at the same fence from opposite sides. In my opinion—while doubtless the world has an overproduction or maladjustment of output of a few commodities—our people could consume our general output of products if their wealth—real or imaginary—had not been wiped out. After all, the production of a country and its income are the same thing. There can be maladjustment of, but not difference in volume between, income and production.

Low wages will not help

MANY believe that wage reductions are part of the solution. I doubt it. It is difficult to reconcile the statement that we have overproduction with the contention that reducing the purchasing power of millions is desirable. An individual manufacturer looking only at his own problem feels that if he reduced wages he might be able to stimulate sales. He could if all the rest of the world remained unchanged, but it wouldn't. Other employers would likewise reduce wages, and sales, instead of being stimulated, would remain the same or decrease.

What causes panics? The well-known English economist, Prof. W. S. Jevons, some years ago advanced the theory that depression followed the appearance of sun spots. He argued that sun spots caused defective harvests which in turn brought on industrial depressions. Today we are told that overproduction of wheat is one of our major difficulties—in other words a lack of sun spots!

You will recall that presidential elections were supposed to bring on panics. Other causes mentioned were underconsumption or overproduction, overexportation of gold, overimportation of merchandise, fear of tariff changes, overtaxation, decrease of foreign trade, unemployment, lack of confidence, inflation of prices of commodities, dangerous legislation, dangerous money power, depreciation of currency, contraction of currency, inflation of currency, suspension of specie payments, the silver question, public and private extravagance, inefficiency of labor, immigration, speculation in stocks, depressed farm prices, high transportation costs, tightness of money, bank failures, conflict of capital and labor, buyers' strikes, overextension of building, political uncertainty, withholding the vote from women, issuing free passes by railroads, use of tobacco and high telegraph rates.

Leaving out of account the last four

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Job ticket envelopes make themselves useful to many men who aren't printers. Garage men use them to keep track of repair jobs, advertising men to check up on work going through, manufacturers to speed production. Your printer or stationer will be glad to help you work out a form for any important "follow through" and print it for you on one of the hundreds of useful envelopes in his guaranteed U.S.E. line.



"THIS ENVELOPE CONTAINS TYPE" . . . is the legend on the tiny envelope you see in the picture below. Used by a big printing house, the envelope and booklet drew many comments.



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THE PRINTER HAS THE ANSWERS to everybody's questions about any job in the shop . . . filed away in job ticket envelopes. If you have jobs to keep track of . . . in office, factory, or studio . . . job ticket envelopes help speed them through and keep your records straight. Ask your printer.



THERE ARE HUNDREDS OF STYLES in the U.S.E. line, an envelope for every purpose and at every price.



"SHIPPING LIST ENCLOSED" . . . this small envelope tells the first man who opens the package. Makes it easy to check up its contents then and there.



THIS SLIP in every box of U.S.E. envelopes is your guarantee of satisfaction.

U. S. E. GUARANTEED
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UNITED STATES ENVELOPE COMPANY, SPRINGFIELD, MASS.
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Now also, "Empress" Cabin. Space and comfort at new low cost, appreciated also because of the standard "Empress" cuisine and service.

Canadian Pacific offices throughout the Orient can serve you in all travel and baggage arrangements.

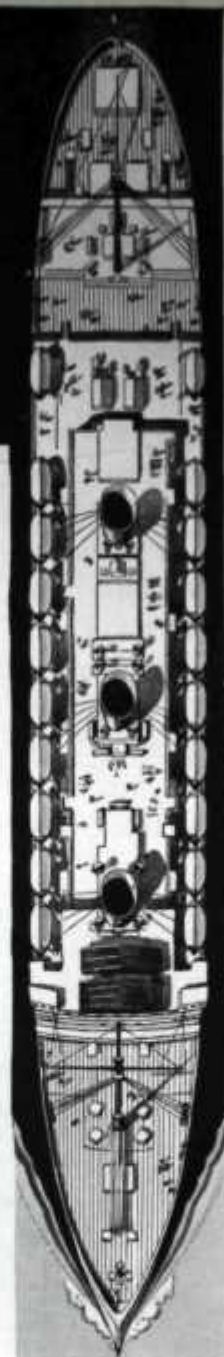
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WORLD'S GREATEST TRAVEL SYSTEM



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causes which never were seriously considered, we still have quite an array of devils.

But I am inclined to believe that these so-called causes are not causes at all—they are only the vehicles, the means. The real fundamental cause of our booms and panics is human psychology. After every depression men temporarily defer action on new ventures and reduce their business because of fear—then follows a period of cautious venturing followed by bolder advances. Ultimately comes the fever of speculation ending either in a crash or in more or less orderly deflation.

These movements, however, are not orderly or regular. For instance in emerging from a period of depression, men frequently leap back when frightened by some unexpected event, and later, again cautiously venture forth. There is nothing of the automaton about it and attempting to forecast dates when men will do thus and so is tantamount to saying that the world is peopled with mechanical robots.

Our normal is prosperity

MEN have used all sorts of vehicles to express their speculative urge and they have become frightened by all kinds of events. I haven't the least notion what vehicle will be used in the next boom but I am certain that booms will come—for nothing is as unchangeable as the nature of man. But I shall pay no attention to the prophets who say they can forecast today when the next boom will come or precisely how long the present depression will last. I shall use my own judgment—using of course the information that is available on current developments in business.

I shall not attempt any prophecy but I think it is safe to say that business has certainly not become poorer since the last few months of 1930. We have had occasional improvements since then that are encouraging. We must not expect a rapid ascent. However, let us bear in mind that the normal condition of this country is prosperity. Our natural resources, our mechanism of production and distribution, our highly intelligent and efficient population, assure us that we need no artificial means to attain a healthy business condition. We were unreasoning optimists for three years—let us not be unreasoning pessimists now!

The late J. P. Morgan expressed a mass of economic knowledge and sound business judgment in the statement that anybody who remains a bear on the U. S. A. will go broke.

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Typical Uses:

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Write for Full Information and Samples of Work

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On the Business Bookshelf

THE first novel to be reviewed in this column for several years is "Customers' Man," by Boyden Sparkes. While it is not outstanding as a novel, it does provide an admirable picture of some of the activities behind the scenes during the bull securities market which terminated in September, 1929.

A young man who makes friends easily and sings entertainingly is hired as a customers' man by a new and ambitious brokerage partnership. He proves a good salesman—though he knows nothing of investments. He and others like him, Sparkes infers, made the boom—which the author dubs the "customers' man market."

It is an interesting and informative book. There are one girl and one love affair in the book, but neither interferes in the least with the story.

"THE public interest is and has been, since legal control of economic action began, wholly and solely concerned with the prevention of arbitrary and artificial interferences with the creation and maintenance of oversupply conditions and prices. The Sherman Law is a partial enforcement of the business cycle.

"But the question then arises whether the trouble with the antitrust laws may not be due to a failure to see that the public interest is, in reality, quite as vitally concerned in controlling the opposite phase of the business cycle."

Mr. Gaskill is a former chairman of the Federal Trade Commission. His remedy,² in its simplest form, is to let the cost set the minimum price of a product and to let free competition control the upward movement of price. This sets up a control of price both upward and downward which in turn is a key to the control of production instead of attempting as at present to control production as the key to price stabilization. At the same time, this mitigates destructive competition.

Mr. Gaskill proposes a new kind of trade practice conference procedure for the enforcement of price and the definition of cost. The new authority of the

¹"Customers' Man," by Boyden Sparkes. Frederick A. Stokes Company, New York, \$1.50.

²"Price Control in the Public Interest," by Nelson B. Gaskill. Washington Bureau of Sales Management Magazine, Washington, D. C.

Federal Trade Commission and trade practice conferences would have to be approved by Congress, but their approval would not make a vital change in the procedure of the Commission.

"THE Fall of Prices," by John A. Todd, is a "brief account of the facts, the probable causes and possible cures." There is a general feeling that the fall of prices is due, largely at least, to a smaller amount of money in circulation. The author refutes this and says that the gold holdings of the world have increased 120.3 per cent between 1913 and 1930. France and the United States have been blamed for hoarding too much of the world's gold, but, according to the author, Great Britain, Spain, Japan, Belgium, Switzerland, and Australia have each increased their gold holdings at a higher rate during the period 1913-1930 than has either the United States or France.

The author feels that there is insufficient evidence to blame the fall of prices on a scarcity of money. The gold the world does have for monetary uses is being used so efficiently that there is an actual surplus held by America and France. This surplus is costly to hold and America and France are doing a favor to the world by holding it.

HIS theory of the real fall of prices is that there is overproduction. Prices should have come down before the last bull stock market in this country. Instead they were held up by an artificial prosperity induced by the bull market. When American consumption was curtailed sharply in 1930, overproduction was painfully evident and prices dropped sharply. The author asks whether "this latest fall of prices is to a large extent directly attributable to the Wall Street crash with its world-wide repercussions." The writer believes that the turn in economic conditions will begin when America begins to recover and in the past "America has shown astonishing power of recuperation."

He says "one of the first things that will help to solve the present difficulty is a reduction of retail prices, so that increased consumption may be induced

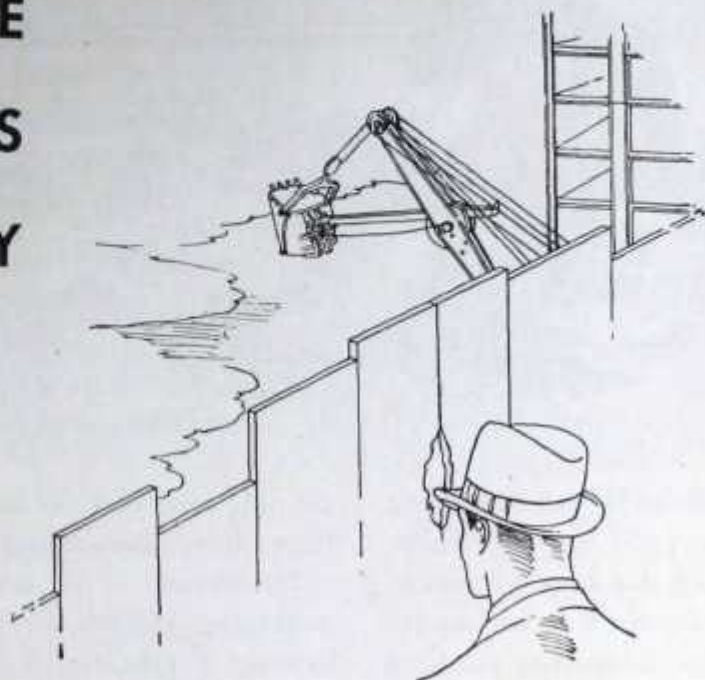
³"The Fall of Prices," by John A. Todd. Oxford University Press, Amen House, London E. C. 4, England, \$1.50.

K

NOTHOLE

SPECTATORS

ONLY



THE FENCE that goes up around an excavation for a new city block isn't put there because the shovel operator is bashful, nor because the contractor is holding secret signal practice. It is there so that curious spectators won't interfere with the work. Capital is being invested, capital that depends upon a completed and occupied building for its return. And nothing can be started until the excavating work is done. Steel and concrete workers, skilled men in all building trades wait

for the completion of the power shovel's job.

Here the pressure for speed is answered by the efficiency of Thew Lorain shovels, efficiency due to two main reasons: the simplified and direct application of power according to the Thew Center Drive principle; and the development of such time saving features as the automatic dipper trip, the automatic crowd brake and hundreds of details that mean split-second control.

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*Shovels, cranes, clamshells, draglines, backdiggers,
skimmer-scoops. Universal Truck Mounted Cranes.*

THEW LORAIN

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They won't let him sleep!



Poor fellow! He just isn't cut out to do a successful Rip Van Winkle.

The thing that keeps him awake is the knowledge that families are growing up and scuffing out their shoes and wearing out their clothes and continuing to need a whole lot more tires, food, washing machines, irons, homes and everything.

But then American Business never did sleep soundly or long. History proves that. But—

Other days, other depressions. Recently we have been experiencing something quite different in the way of depressions.

The fact is, we are living in a machine age. Production may rapidly become over-production. We can throw a switch and flood a market. And so it looks as if we have got to awaken pretty definitely to: (1) the balancing of production with consumption, and (2) the *keeping* of the two in balance by

the only force that will keep them there: ably-managed distribution.

Distribution is the key to the awakening, individually and collectively. For the large-scale buyer, it can remove the great burden of supporting an unnecessary private warehouse. It can concentrate reserve supplies where they can be most economically and strategically concentrated—in great, central warehouses that serve as reservoirs for all industry.

A great distributing system can make it easy for the buyer to bridge the time-and-space distance to his sources of supply. And, by the same token, can make it possible for industry as a whole to close up the gap between production and consumption.

Or to put it another way:

The efficient distributor can help restore American Business to an up-and-coming attitude.

maintain economic stability along truly scientific lines.

Graybar
ELECTRIC COMPANY

GRAYBAR BUILDING NEW YORK, N. Y.

Alert students of the far-reaching interrelation between the two great forces of business life—Production and Consumption—are coming to attach more and more importance to the vital connecting link between the two—Distribution. As the nation's foremost distributor of electrical products, Graybar functions to achieve and

DISTRIBUTORS OF 60,000 ELECTRICAL ITEMS THROUGH 77 DISTRIBUTING HOUSES

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and the present surplus of raw materials gradually worked off."

Like a true Englishman, he blames the stock market drops on Wall Street, disregarding the Hatry failures in London, the consequent drop in London stock prices and dumping of American securities on Wall Street by Britons strengthening their position. The American market was, probably, inherently unstable, but did it not fall when it did, and fall harder, because of the English situation?

TO THE already great amount of discussion of the business cycle is now added "Forecasting Business Cycles" by Warren M. Persons. The book is divided into three parts: a discussion of the present depression as an example of depressions; the statistical and chronological records of business in the United States since 1875; and an explanation of the theories of business fluctuations.

We found the second part, with its carefully prepared indexes and charts, the most interesting of the book. After studying this as well as other books on the subject, we believe that forecasting business cycles is not yet, if it ever will be, an exact science. But that should not deter any one from reading Mr. Persons' book. We can learn more about these fluctuations only by studying the past and Mr. Persons has the experience of 50 years interestingly charted.

"Forecasting Business Cycles, by Warren M. Persons. John Wiley & Sons, Inc., New York, \$4.50.

Recent Books Received

The Enlargement of Personality, by J. H. Denison. Charles Scribner's Sons, New York, \$3.00.

My Life, by Leon Trotsky. Charles Scribner's Sons, New York, \$5.00.

The Successful Control of Profits, by Walter Rautenstrauch. B. C. Forbes Publishing Company, New York, \$3.50.

Stock Movements and Speculation, by Frederic Drew Bond. D. Appleton and Company, New York. Second edition, \$2.50.

Layoff and Its Prevention. National Industrial Conference Board, Inc., New York, \$1.50.

Psychology for Advertisers, by D. B. Lucas and C. E. Benson. Harper & Brothers Publishers, New York, \$5.00.

Corporation Finance, by Edward Sherwood Mead. Sixth Edition. D. Appleton and Company, New York, \$3.50.

A Reading List on Business Administration. The Amos Tuck School of Administration and Finance, Dartmouth College, Hanover, New Hampshire, 35 cents.

Oil Conservation and Fuel Oil Supply. National Industrial Conference Board, Inc., New York, \$2.50.

Send them your very latest news— by Special Messenger



pregnant events in Spain brings significant comment." It is common custom for the *Digest* to use the telegraph and cable for a poll of important newspapers. Regularly, *Digest* editors study more than 5000 newspapers and periodicals to be sure of the truth, the whole truth and nothing but the truth.

Readers of the *Digest* expect—and get—equally crisp and interesting news in the advertising columns. News of motors and ocean liners, of foods and household goods, of building materials and bonds, alongside news fresh from the world of events.

No other magazine offers the *Digest's* service to advertisers. Think of the audience—that sound, steady, middle group of 1,400,000 families, people of property and position. An alert, active, always-buying crowd. Families whose living standards are maintained—in high times and in hard times.

Think of the *Digest's* grip on the minds of that audience—as shown by its 10-year average of more than a million circulation, its high rate of renewals and the largest subscription revenue of any magazine.

Think of the *Digest's* immediacy—with a press-date only a week in advance of appearance. Then, take advantage of all these advantages. If your business has something to sell *now* to the people who have much to buy *now*—send them your very latest news, *by special messenger*.

AN OPEN LETTER TO THE CLEAR-THINKING BUSINESS MEN OF AMERICA . . . SEVENTH OF A SERIES

IF ANY business has good news for the great American home—and a clear sense of the value of time, that business must consider the advertising columns of *The Literary Digest*—and the sooner the better!

For very good reasons . . . the *Digest* is *special messenger* to the ruling families of the nation. Not only the speediest carrier among magazines but also the bearer of wanted and trusted news and views.

Its method is fast and sure. Often you find at the head of a *Digest* article reference lines like this—"A poll of the Spanish, French and British press *by cable* on the

The Literary Digest is close to the life of the times, offering immediate national publicity to the advertiser who has a message of immediate national interest. It goes to press only seven days before delivery—thus having the speed of a weekly newspaper, plus its power as the leading news magazine. . . . The Digest enters the best million homes with telephones, a market which buys two-thirds of all advertised commodities, and buys them first. It reaches 36 per cent of all families with incomes of \$10,000 and up. Its list of subscribers is a roster of ready buyers in the upper-income brackets. . . . For 1931, advertisers buy a guaranteed average circulation of at least 1,400,000 preferred prospects.

★ The Literary Digest ★

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"*The Literary Digest* is known to students of the publishing business as the sounding-board of American opinion. No other periodical in history has held a similar place. Time after time, its finger laid on the pulse of the people has been the one true index of national sentiment."



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The American Blower Corporation, for over 50 years, has specialized in both the scientific design and manufacture of heating, cooling, ventilating, air conditioning and mechanical draft equipment . . . has made it possible for factories, skyscrapers, theatres, restaurants,

stores and garages to maintain correct air and temperature conditions day after day, year in and year out.

Regardless of the nature of your particular problem . . . if it concerns the moving, changing, cooling or heating of air . . . American Blower Engineers are sure to be of assistance. A consultation will not obligate you in any way. Phone the American Blower Branch Office near you, or write direct to the factory.

AMERICAN BLOWER CORPORATION, DETROIT, MICH.
CANADIAN SIROCCO CO., LIMITED, WINDSOR, ONT.
BRANCH OFFICES IN ALL PRINCIPAL CITIES

BAD AIR IS BAD BUSINESS

Whether it is too hot . . . too cold . . . dust laden . . . moisture laden . . . dry . . . foul . . . or just improperly directed—Bad Air IS Bad Business. American Blower Engineers welcome the opportunity of helping you overcome whatever air deficiencies there may be in your place of business. They invite your consultation.

American Blower
VENTILATING, HEATING, AIR CONDITIONING, DRYING, MECHANICAL DRAFT
MANUFACTURERS OF ALL TYPES OF AIR HANDLING EQUIPMENT SINCE 1841

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Don't Worry About the Five-Year Plan

(Continued from page 23)

United States; it is hard to conceive of an American worker accepting the conditions under which the Russian lives and works. Suppose a mechanic in the Chevrolet plant were told that he must go ahead and make automobiles but that he could not hope to own an automobile, because all were to be exported that were not needed to increase production at home; suppose a maker of fine shoes in Massachusetts were told that he must content himself with one pair of work shoes a year so the shoes he is making can be sold at low prices in England.

I have said that it is almost impossible to reckon production costs in Russia in a way to make comparisons with costs in the United States. It is elementary economics to say that costs are the sum of material plus labor plus overhead. The coat on my back is wool and thread and lining and buttons plus labor plus rent and the other items that we call "overhead." But the wool and the thread dissolve into labor—into the raising and shearing of sheep and the growing and spinning of linen. And where practically all labor is occupied at tasks assigned by government and paid as government sees fit, production costs become more and more incalculable.

One solution for unemployment

WE hear that there is no unemployment in Russia, but we do not always realize that one reason for that is the fact that, since the government must keep all employed and in some fashion fed and clothed, it can and often does put more men on a job than are needed. Again a complication of costs.

What of overhead? How can it be reckoned with when it is so largely government—a government in absolute control of distribution and prices, because it owns and operates all business, controls labor, determines conditions

and hours of work and fixes the wages?

Russia herself undertakes to avoid the charge of dumping by the same argument to which I have been leading up. Here is Russia's own language quoted by Edouard Luboff in his pamphlet "Russian Dumping."

Under the Socialist order of Soviet economy and under the unique conditions of Soviet foreign trade, Soviet Russia cannot be accused of dumping. The simple calculation of cost of production *vis-à-vis* price, applicable to capitalist countries, cannot be applied to Soviet Russia, where the State is, both internally and externally, the omnipotent price regulator.

Governmental price-fixing

IN SHORT, price to Russia is what Russia chooses it to be and since, in Russia, production costs are not related to price there can be no dumping.

As I write this my attention is invited to an Associated Press dispatch saying that Spain is negotiating with Soviet Russia to supply all her petroleum needs at prices from 18 to 28 per cent below present world prices. Probably a small amount if put alongside the gasoline and oil consumption of the United States, but enough perhaps to upset some American oil company.

I have no desire to preach to American business men that they should or should not sell to Russia. I am eager that they should think a little further and consider a situation which already has threatening aspects and which may grow more serious to our country.

Nor do I wish to be an alarmist about Russian dumping. I realize that the total amount of goods exported by Russia is only a small fraction of the world's total. (In 1929 it was put at 1.4 per cent.) Moreover, not all of that export trade could be called dumping, but Russia's exports are growing and Russia's methods are antagonistic to those of the rest of the world.



Go exploring in the markets of 22 countries!

Manufacturers from 22 countries are bringing their newest merchandise to the Leipzig Trade Fair this fall. Here—between August 30th and September 3rd—you can cover all the important markets of Europe and Asia in less than one week.

Novelties from Yokohama or Budapest, porcelain from Dresden or jewelry from Amsterdam—merchandise of every description from all the important markets visited by international buyers—await you at Leipzig.

You will find new profits in the 6,000 exhibits of general merchandise and the 1,000 exhibits of industrial, building and household supplies at the Fair this fall.

A substantial proof of the advantages to be had at the Leipzig Trade Fairs lies in the fact that 95% of the American buyers who once go to Leipzig, go again.

The count of the manufacturers exhibiting at the Fall Fair is: 175—lighting fixtures and kindred lines; 168—chemicals, cosmetics, pharmaceutical products; 220—precious metals, jewelry, clocks and watches; 676—glassware and ceramics, crockery and pottery; 812—household goods, metalware, electric household appliances; 392—applied art and artistic crafts; 542—notions and fancy goods; 249—leather goods and traveling requisites; 455—furniture (including wicker furniture); 133—musical instruments, radios and radio parts; 116—confectionery and foodstuffs; 687—stationery, office appliances, books and graphic arts; 140—sporting goods; 260—advertising appliances (including wrappers, posters, novelties). At the Textile Fair—from August 30th to September 2nd—more than 700 exhibitors will participate.

Your trip to Leipzig is both easy and profitable. We shall be glad to furnish further details on any lines in which you are interested. We can also secure for you discounts on most of the railroads in Europe and make other arrangements which will guarantee you a pleasant stay abroad. Please use the coupon below.

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the world's greatest markets

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Where Business Will Meet in July

DATE	ORGANIZATION	CITY
6	Glass Bottle Blowers Association of the United States and Canada	Montreal, Ont.
6-9	National Leather and Shoe Finders Association	St. Paul, Minnesota
9	Mid-West Shippers Advisory Board	Green Bay, Wis.
11	Special Agents Association of the Pacific Northwest	Portland, Oregon
13	American Glassware Manufacturers	Atlantic City
13-14	Wisconsin-Upper Michigan Florists Association	La Crosse, Wis.
13-17	Building Owners and Managers Association	Seattle
13-17	National Association of Building Owners & Managers	Seattle
13-18	Society of Chemical Industry	London, Eng.
20-21	Rocky Mountain Outdoor Advertising Association	Salt Lake City
20-23	American Hotel Association	Boston
27-Aug. 1	American Pharmaceutical Association	Miami, Fla.
27-Aug. 1	National Association Boards of Pharmacy	Miami, Fla.

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- 2 Dealers are concentrated
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- 4 Wealth is greatest
- 5 Fashion sense is developed

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CLEVELAND . . . *Press* WASHINGTON . . . *News* INDIANAPOLIS . . . *Times* AKRON *Times-Press* FORT WORTH . . . *Press* EL PASO . . . *Herald-Post*
BALTIMORE . . . *Post* CINCINNATI *Post* DENVER *Rocky Mtn. News* BIRMINGHAM . . . *Post* OKLAHOMA CITY *News* SAN DIEGO . . . *San*
PITTSBURGH . . . *Press* COVINGTON *Kentucky Post* TOLEDO *News-Post* MEMPHIS *Press-Scimitar* KNOXVILLE *News-Sentinel* EVANSVILLE . . . *Press*
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Buy More *PROFIT*

THESE FACTORS DISSIPATE PROFITS

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- 2 High Advertising Costs Because of Waste Circulation
- 3 High Advertising Costs of Forced Combinations
- 4 High Advertising Costs Where Circulation Productivity is Lowered by Premiums
- 5 Selling Outside the Logical Market

THESE FACTORS CONSERVE PROFITS

- 1 Intensive Cultivation of Easily Accessible Dealers
- 2 Elimination of Mediums With Heavy Waste Circulation
- 3 Avoidance of Forced Combinations Which Greatly Increase Rates Without Increasing the Potential
- 4 Rejection of Newspapers Addicted to Use of Premiums and Contests
- 5 Advertise and Sell in the Logical Markets



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Thus the larger part of your appropriation is directed where your potential for sales is greatest. This adequate concentration is secured in the cities (most important) . . . in trading areas . . . with a minimum of circulation in the sterile fringe outside.

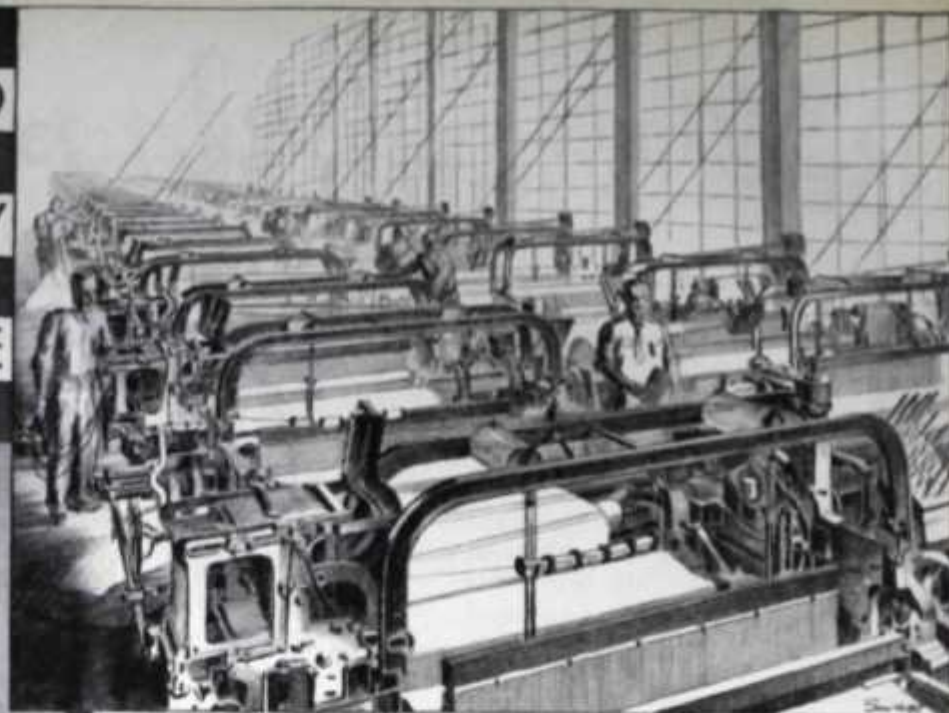
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C. I. T.'s system of Local Offices now functioning in every important territory, has created entirely new standards of speed and cooperation in finance service. C. I. T. Offices in

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Altoona-Amarillo-Asbury Park
Atlanta-Augusta-Baltimore
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Buffalo-Butte-Camden-Charleston
Charlotte-Chicago-Cincinnati
Clarksburg-Cleveland-Columbia
Columbus-Dallas-Davenport
Dayton-Denver-Des Moines
Detroit-El Paso-Erie-Fort Wayne
Fort Worth-Fresno-Glens Falls
Grand Rapids-Green Bay
Greensboro-Greenville
Hagerstown-Harrisburg-Hartford
Hempstead-Hickory-Houston
Huntington-Indianapolis-Jackson
Jacksonville-Jamaica-Jamestown
Jersey City-Kansas City-Kenosha
Knoxville-Lansing-Lexington
Lincoln-Little Rock-Los Angeles
Louisville-Madison-Manchester
Memphis-Miami-Milwaukee
Minneapolis-Minot-Montgomery
Montpelier-Mt. Vernon-Nashville
Newark-New Haven-New Orleans
New York-Norfolk-Oklahoma City
Omaha-Orlando-Philadelphia
Phoenix-Pittsburgh-Portland, Me.
Portland, Ore.-Poughkeepsie
Providence-Raleigh-Reading-Reno
Richmond-Roanoke-Rochester
Sacramento-St. George-St. Louis
Salt Lake City-San Antonio
San Diego-San Francisco-San Jose
Seattle-Sioux Falls-South Bend
Spokane-Springfield-Spring Valley
Stockton-Syracuse-Tampa-Toledo
Tucson-Tulsa-Utica-Washington
Wheeling-White Plains-Wichita
Wilkes-Barre-Youngstown.



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More than ever, responsible customers are insisting on deferred payments, so that they may buy without depleting ready cash. While with you—manufacturers and distributors—low prices and shrunken profit margins compel keeping a closer finger on the overhead costs of extending credit.

The answer to today's need is C. I. T. Service. There are C. I. T. Financing Plans for all standard types of machinery and equipment. They are sound Plans, because they embody the knowledge and experience which this institution has accumulated in more than two decades of association with all phases of credit merchandising. That record is assurance that the C. I. T. Plan submitted for your product will protect your interests, as well as those of the consumer. The C. I. T. representative in your territory will gladly bring you full details, without obligation.

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Subsidiary and Affiliated Operating Companies with Head Offices in New York • Chicago • San Francisco • Toronto • London • Berlin • Brussels • Paris • Copenhagen • Havana • San Juan, P.R. • Mexico City • Buenos Aires • Sao Paulo • Sydney, Australia • Offices in more than 160 cities

CAPITAL AND SURPLUS OVER \$90,000,000



What Wall Street Talks About

By MERRYLE STANLEY RUKEYSER

TWO years have elapsed since general business attained a peak in June, 1929. In this time the depression has gone far deeper than deflating overexploited stocks. As a matter of fact, trustees and savings banks are at this phase going over their portfolios to find which railroad bonds now legal as investments may cease to be as a result of current failure to earn fixed charges one and a half times.

Though time brings economic recuperation nearer, it also tends to weaken morale. It intensifies the hardships of the unemployed and depletes the moral assets of superficial business men, who believed in October, 1929, that everything was "basically sound."

Business analysts, especially those with some knowledge of the history of crises in American business, discount transient pessimism. A lack of good cheer and the spirit of defeatism constitute an effect of the depression, rather than any indication of what lies ahead. Close reading of the newspaper files in previous periods of major depression indicates that contemporary comment was usually most pessimistic just at the turning point. Doubtless the same disparity between popular expectations and the actual economic trend will be repeated this time.

THOUGH the early winter gains in general business were not carried through the spring, it is significant that the production indices have not yet fallen below the trough established in December, 1930. Business in the large has been moving irregularly in a sidewise direction for nearly half a year. It is at least part of the record that considerable progress has been made toward correcting the excesses, the mistakes and blunders of the earlier boom period. Another important factor is the extent to which consumers everywhere have used up the large inventories which were in their hands at the time of the collapse. When the break came the public was unusually well supplied with merchandise after a long period of extravagant buying and high-pressure sell-

ing. In the two years since the industrial peak the world has gone a long way towards using up these inventories. Shortages of all kinds are in the making, and these shortages plus low prices will stimulate consumption.

As Walter Lippmann has pointed out, since the break we not only have liquidated our securities and our business enterprises, but have also liquidated our delusions. There is a general inclination to view the realities and to forget the fantasies of "the new era." Accordingly, the new objective of thoughtful executives is not to top again the peak stock prices of 1929, or even quickly to excel 1929 business profits, but rather to restore economic balance, to put unemployed workers back on the job, and to remove the psychological and other barriers which hinder world trade.

AS IS usually the case in times of depression and discontent, there is a bull market in proposed panaceas. In my own correspondence with newspaper and

magazine readers, I find a widespread disposition to recommend specific remedies for curing the depression. Most of the amateur economic physicians are inclined to take too specialized a view of the economic system and to overlook the fact that depression sprang from the cumulative effect of the excesses of the previous period of prosperity. The way up the slope from the valley of depression will necessarily be a hard climb. Among serious students there is an increased recognition of the need of better social machinery for integrating constructive influences.

Demand is growing for economic co-ordination and industrial planning, and in this work trade associations and chambers of commerce must play a leading part. If the present antitrust laws unduly restrict activities of this character, Congress should consider revising the laws.

There have already been a number of specific exceptions from the rigid restrictions of the Sherman Act. The Webb Pomerene Act exempted export-



WIDE WORLD PHOTO

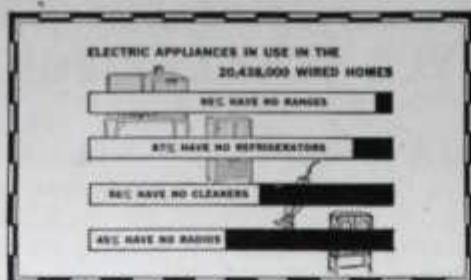
More gold begins its journey to our shores as this truck arrives at a Buenos Aires pier with a ten-million-dollar shipment for New York

a Growing System

a Promising Industry

FOUR times as much electricity could be used to advantage in most homes. At present, the average consumption is 550 kilowatt hours a year. Add to this an electric radio, range and refrigerator—three popular appliances—and the annual consumption is at once increased to more than 2,000 kilowatt hours.

In the territory served by the Associated Gas and Electric System, inducement rates encourage wider use of electricity and



gas. Under these rates, customers find it practicable to use appliances widely. During the current year, Associated Systems new business managers plan to sell nearly \$10,000,000 worth of appliances in their areas.

To invest or for information, write

Associated Gas and Electric System

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KEY CONFUSION
—SO UNNECESSARY
—SO COSTLY—SO WASTEFUL



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Key-FINDING System

Whether a few keys or thousands of keys—TELKEE Devices offer you the perfect system for knowing your keys—knowing where they are when you want to use them. TELKEE tells to whom keys have been loaned and when they should be returned. TELKEE is a simple, effective SYSTEM of positive key control applicable to every class of building and business institution.

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WITHOUT QUESTION

Without question, clean, colorful drinking fountains add much to the created atmosphere of the architect's rendering. Let us suggest that one practical and successful way of meeting these desired results is to specify Rundle-Spence drinking fountains. For, in addition to their usual sanitary advantages, R-S fountains offer choices of colors that blend softly into decorative grace.

Write for the new R-S catalog on colored drinking fountains.

RUNDLE-SPENCE MFG. CO.
436 No. Fourth St., Milwaukee, Wisconsin

RUNDLE-SPENCE

LIPS CAN NOT TOUCH THE R-S NOZZLE



ers, and the Edge Act exempted those engaged in international finance. The Transportation Act of 1920 exempted the railroads from some of the restrictions of the Sherman Act.

To amend the Sherman Act effectively Oscar L. Sutro, vice president of the Standard Oil Company of California writes suggesting that "a proviso should be added to the Sherman Law exempting from its condemnations such trade agreements as may be approved by the Federal Trade Commission as being not against the public interest."

Mr. Sutro takes the position that the present-day leaders of big business can be trusted, saying:

In my judgment, an opportunity to solve the problems that confront American industry in a reasonable way and without trampling on the rights of the public would not be abused by the business interests of the country, and could not be under the restrictions which the proposed amendment to the law imposes.

We have seen no great difficulties encountered in the administration of the powers of the Federal Trade Commission to decide what is and what is not unfair competition, and what are and what are not unfair trade practices. In fact, the Federal Trade Commission has passed on thousands of such cases. These all involved phases of the public interest.

I see no reason why we may not legitimately hope for satisfactory results if power were given to the Federal Trade Commission to work out, in cooperation with the business interests of the country, what are and what are not unreasonable trade agreements.

Perhaps such a revision of the anti-trust law would give business a rallying point. President Hoover attempted to provide such a rallying point in the proposed eastern railway merger.

APPLYING the principle of self-government in business, numerous semi-public agencies are seeking to improve the standards in annual reports of corporations. The American Institute of Accountants is cooperating closely with the New York Stock Exchange, and other interested agencies will in time be consulted. Dependable publicity in regard to earnings and other corporate matters will go far toward removing the mystery element from markets and will help impart greater stability to the price structure. Better accounting forms will tend to put outside small stockholders on a par with insiders in respect to corporate data.

D. P. CAREY, president, Belding Hemingway Company, says in *Printers' Ink*:
"I think the time is coming when



Charge accounts for cash

....(a protection to all creditors)....

The merchant, the landlord, the doctor realize today that families with credit good for cash loans are better credit risks for them.

The year that has passed has clearly proved how quickly a family's financial resources can be wiped out.

Market losses, temporary unemployment, sickness and other emergencies plunge the customers of every business into unexpected debt.

A very few, less than 20%, have been able to borrow from banks to tide themselves over such times of stress.

Others have let their bills go, damaging their credit standing and handicapping their creditors.

Still other hundreds of thousands of families have turned to their charge accounts, good for cash loans from reputable finance companies, and have borrowed the money to keep all of their other charge accounts free from past due indebtedness.

Household, America's foremost family finance organization, had on its books last year more than 330,000 charge accounts for cash. The more than sixty-six millions of dollars loaned in small amounts on these accounts were largely used for paying bills.

A recent survey showed that in 83 cases out of 100 the money obtained was used to refinance indebtedness—to pay



miscellaneous bills, medical bills, tax bills, rent bills, fuel and insurance bills.

Here is proof that the 135 offices which Household maintains in 76 principal cities are bulwarks for all creditors as well as for the majority of families in their vicinities.

Without bankable securities, without endorsers or embarrassing investigations, these offices loan from \$50 to \$300 on the signatures of husband and wife. Up to 20 months is allowed for repayment in small installments. On amounts above \$100 nearly a third less is charged than the rate allowed by law.

As added protection to its customer's other charge accounts, Household helps families establish themselves on a firmer financial standing by offering proper budgeting and expending advice.



MONEY MANAGEMENT FOR HOUSEHOLDS, a helpful booklet on budgeting family income, leading to the happiness of financial security, is offered without charge to all. Telephone, call, or write for a copy.



HOUSEHOLD

FINANCE CORPORATION....

Headquarters: Palmolive Building, Chicago, Illinois

.. (135 Offices in 76 Cities) .. (Consult your telephone directory for the office nearest you)

Turn the dial to your NBC Station every Tuesday night at 8:00 Central Daylight Saving Time and be a guest of the Household. Celebrities, featuring America's foremost stars of the opera, concert, and stage, as well as leading thinkers in affairs of national importance.

Extending Credit that safeguards other creditors

There are few merchants, landlords, or professional men who do not benefit, directly, from family finance companies. For such organizations supply the money to pay hundreds of thousands of delinquent accounts, and also to make many needed new purchases. This advertisement is



part of an aggressive campaign now appearing in newspapers of four and three-quarter million circulation. Interested citizens are invited to write, for more information about the personal finance business, to Department N5, Household Finance Corporation, Palmolive Bldg., Chicago, Ill.



"water-boy!"



THERE are many business places to-day—banks, offices, retail stores—where the employees and customers would be glad to shout "water-boy" and have a lad scamper up with a cool, refreshing drink out of the old tin dipper—because any drink is better than no drink at all.

Several years ago, Kelvinator, with the electric water cooler, made the drinking of pure, healthful water during business hours, a pleasure. And, at the same time, made it possible for all businesses to supply cool, sparkling water to their customers and employees at a cost that paid big dividends—in good

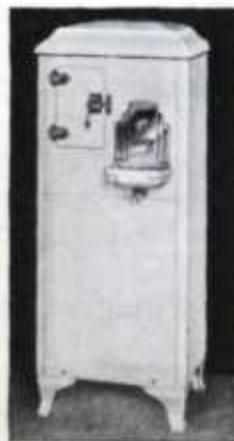
health and good will.

No business is too large or too small to enjoy the advantages and economies of Kelvinator electric water cooling equipment. The Kelvinator Line embraces the entire range from a complete system

for an office building or industrial plant to the self-contained, compact bottle type coolers for offices, retail stores, etc.

Call the Kelvinator Refrigeration Engineer in your city. Let him show you the many features that have caused Kelvinator equipment to be regarded as the finest water cooling equipment built to-day. Or, if you prefer, send the coupon below.

KELVINATOR CORPORATION, 14244 Plymouth Road, Detroit, Mich.
Kelvinator of Canada, Ltd., London, Ontario :: Kelvinator Limited, London, England



Kelvinator Electric Coolers are available in either the Bottle or Pressure type, in three different finishes—white porcelain, sage green or mahogany crystal. They are dependable, quiet, trouble-free, and fully automatic. And, best of all, they are economical—low in first cost, low in operating cost, and low in maintenance cost.

(109)

Kelvinator

C O U P O N

Kelvinator Corporation, 14244 Plymouth Road, Detroit, Michigan
Gentlemen:—Send information regarding Kelvinator Water Cooling Equipment.

Name _____

Street Address _____

City _____

State _____

When writing to KELVINATOR CORPORATION please mention Nation's Business

corporation executives will deem it advisable to present to stockholders complete and full information. Stockholders are entitled to it and they want it. At present they are diffident about asking for facts and figures not included in the regular reports. Some day they may demand further information.

"Corporation presidents are coming more and more to realize that doing business in the open is the best policy. There are fewer secrets in business to-day than there were five or ten years ago, and there will be fewer secrets still in the future."

ONE way to check the hysteria is to assure wage earners and salaried folk who are still on the job that their future is pretty well safeguarded.

Setting a good example, the Montreal *Star* recently announced that as a contribution to the relief of unemployment, it would lay off no employee for a year, except for admitted cause, and would add at least one person in each department. The newspaper wisely recommended this policy to all prosperous employers, saying:

"There are lots of businesses sufficiently prosperous to declare a moratorium against sacking and keep the number of their employees at the present figure. Many can do better and increase these numbers."

THE second industrial Plattsburg was recently conducted for 90 young men between the ages of 18 and 25. These men were recruited from banks and other corporations in lower New York, including the New York Stock Exchange. The plan was originated in finance by the Thorne-Loomis Foundation, which was launched last year for the purpose of providing an opportunity for young men to see at first hand the different phases of the industrial development of the country.

The first industrial Plattsburg consisted of a series of independent expeditions, each consisting of one truck of ten young men. The leader of each expedition was trusted with the responsibility of picking out the details of his route, which was expected to follow the circle outlined by New York, Buffalo, Detroit, Chicago, St. Louis, Birmingham, Atlanta and Washington, D. C. The only cost to the participants was about a dollar a day for living expenses and the cost of purchasing at wholesale prices suitable camping clothes. The employers of the participants agreed to pay the regular salary during the six-

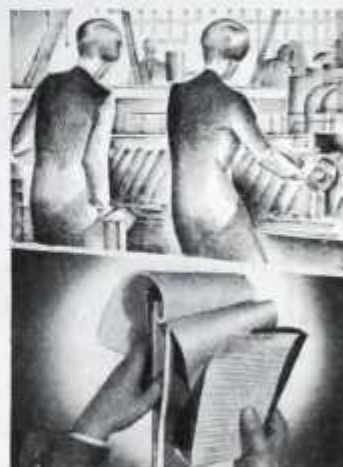
You can't bore auger holes with a gimlet!

BUYING	REQUISITIONS PURCHASE ORDERS VOUCHER CHECKS
RECEIVING	RECEIVING REPORT
STOCK-KEEPING	MATERIAL REQUISITION REQUISITION MATERIAL DELIVERED TO STOCK
PRODUCTION	PLANT ORDERS REPAIR RECORDS TIME TICKETS
SELLING	CASH SALES CHARGE SALES SALESMAN'S ORDER BOOK SERVICE ORDER
DELIVERING	DRAY OR DELIVERY TICKETS BILLS OF LADING EXPRESS RECEIPTS
BILLING	INVOICING RETURNED GOODS CREDIT MEMO



● You can't bore auger holes with a gimlet nor is it possible to do a recording or accounting job without the right kind of forms. Many an original entry today in business records will cost time, money and worry weeks from now because it tried to do an auger job with a gimlet.

Rediform Speedigraph Books are designed on the "square peg for a square hole" idea. Bound record pads where bound records are needed. Detached copies in groups or separate as required. Forms numbered serially or in a series for each book. Single or double carbon—or carbon-backed sheets. Any combination of a whole group of unique and novel features for faster handling, routing, filing and checking in offices, factories and warehouses. Let a Rediform representative tell you about them.



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hand-written records in every key operation of business.



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Business

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N. B. 7-31



HAPPY because she decided to come on with her husband to mad, gay, whirling New York — because, in fact, she's right in the very heart of it now — at Forty-fifth Street and Madison Avenue — where she's found her Roosevelt suite nevertheless as quiet and comfortable as their country house. Happy because we've been able to do so many little extra things for her, like hand-laundering her hankies overnight, delivering her mail right to her room, serving her piping hot, crisp breakfasts in bed. Yes, she's happy! And so, naturally, he's happy too. Which, of course, makes us all just as happy as we can be!

The ROOSEVELT

Madison Avenue at 45th Street, New York
Edward Clinton Fogg—Managing Director
One of the 25 United Hotels



weeks' absence. The second industrial Plattsburg started on May 16 and lasted for six weeks.

DURING the depression year of 1930, 20 outstanding American corporations added more than 606,000 new stockholders to their list, making a gain of 30 per cent.

The gain has been continued through 1931.

THE business depression has challenged the cocksureness of business men and has induced them to seek to improve themselves through further study. A number of companies promoting business education have found that their sales increase in times of depression, and that phenomenon has been repeated in the present situation. James S. Thompson, vice president of the McGraw-Hill Book Company, declared that executives are now turning to an increasing extent to new books on economic problems in the search for practical guidance.

"College enrollments during business depressions," said Mr. Thompson, "have a tendency to increase a bit. Those among the unemployed who have sufficient capital to reënter college do so rather than spend their time in fruitless search of jobs."

STUART CHASE, the heterodox economist, states that there is little new in the Russian Five-Year-Plan technique, which he characterizes as primitive compared to the setup of our own War Industries Board in 1918.

"These Slavs seem to think," Mr. Chase declares, "that unless one knows Papa Marx backwards, he cannot locate an industry near its source of raw material or untangle a problem in cross hauling. With the highest respect, it would do these gentlemen in smocks no harm to take a look around. They would find machinery which we created in 1917 and put to use, which they have not yet thought about, and which might prove of the highest use to them."

POPE PIUS XI, in his recent encyclical, lined himself up with economic progressives.

As a matter of fact, he argued for a cultural wage and his remarks were timely in coming at a period when destructive opportunists were seeking to break down wage standards as an easy way out of the depression.

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Use them on your personal file... and you'll insist that these new and finer index tabs be used throughout your office. They are finer and better because...

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unless it is the kind that ALSO
PRINTS the forms it addresses!

Don't be satisfied with less
than this DOUBLE-DUTY.

ONLY "ELLIOTT" can provide a popular-priced machine of the kind.

For complete information, pin this ad. to your letterhead and mail to the

ELLIOTT
ADDRESSING
MACHINE CO.

(World's largest makers of Address-Cards & Automatic Address-Printers)

CAMBRIDGE, MASS.

Through the Editor's Specs

(Continued from page 9)

their daring masters; business that wrote the romance of the sea.

And yet men will tell you that business is a dull, money-grubbing calling fit only for those who care nothing for glamour or adventure. Did they care nothing for adventure who risked their goods in flimsy bottoms to trade across the stormy, pirate-infested Mediterranean? Did they lack vision who financed Columbus on his daring voyage? Was there no glamour in the race for speed and cargo space that built the clippers, then the steam *Savannah*, then the modern liner?

The romance of the sea is the romance of business.

IN A recent number of NATION'S BUSINESS, there appeared an article by Curtis Hodges, "Why the Post Office Loses Money." In this article the question was asked, "Why not get increased revenue from the fourth class—parcel post? It is possible that revenues in this field may be increased from six to eight million dollars."

To this W. J. Williamson, general traffic manager of Sears, Roebuck and Co., objects, saying:

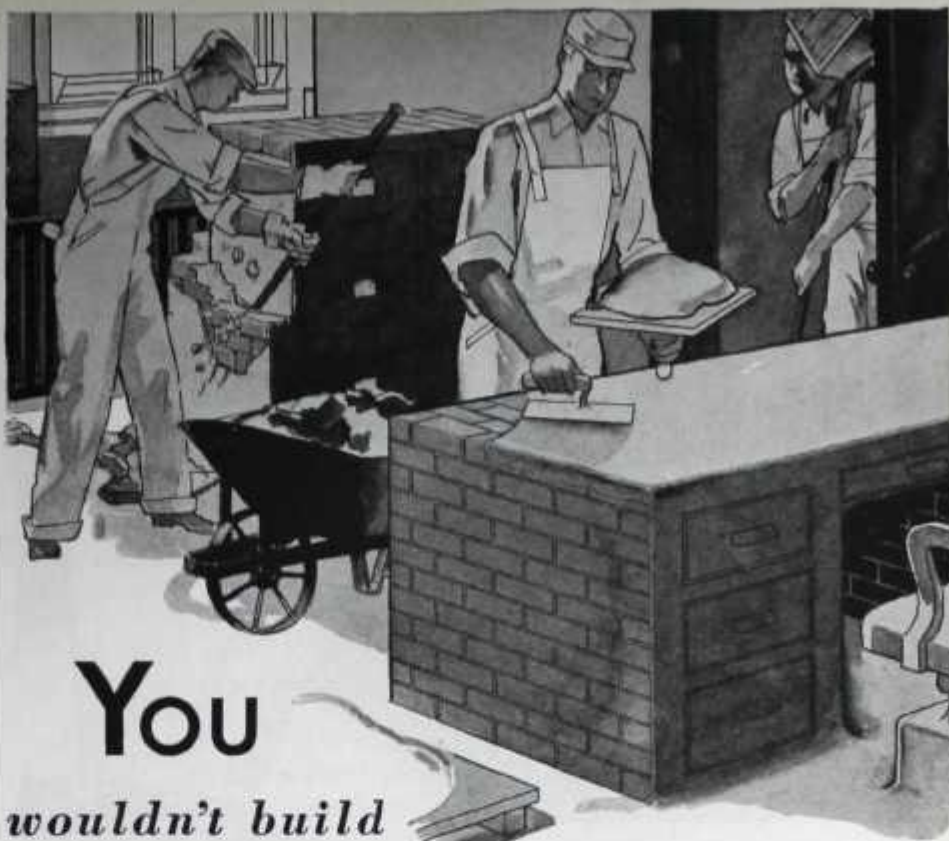
"It is surprising that the fourth-class matter should be singled out in preference to all other items which are operated at a loss.

"Of all mail matter the least preferred treatment in transportation and delivery is accorded fourth class.

"As one of the principal users of the parcel post, this Company is not opposed to a thorough investigation of mail rates, but does object to action against fourth-class only based on a study which the Post Office Department states is not a proper basis for rate-making purposes."

NATION'S BUSINESS has no formulated policy with regard to rate changes and was simply raising questions for discussion by reviewing the whole case of postal rates. Points of view such as that expressed by Mr. Williamson are welcomed.

AT TIMES we disagree with correspondents, but still ideas from readers are always welcome. Another who objects to Mr. Hodges' article on postal costs is Clarence H. Lee, of the Fidelity Savings and Loan Association, Los Angeles. He says the Government pays the rail-



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wouldn't build
IMMOVABLE
office equipment - - WHY
build IMMOVABLE partitions?



Hauserman Partitions are as movable as your furniture.



Write for this Complete Guide to Office Layouts.

THERE is as much justification for immovable office equipment as there is for the erection of partitions that must be moved with a sledge-hammer and wheelbarrow. † The advanced engineering of Hauserman steel partitions has placed those subdividing walls in the same classification as office equipment. † Hauserman Movable Steel Partitions give better subdivision without any of the disadvantages of "permanent" partitions and they are fire-retarding; beautiful in design and finish, and are as movable as any other piece of office equipment. † Write today for a copy of "Office Planning Studies," a 46-page book showing what can be done with these efficient business walls of movable steel.

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*Is it IN GEAR
with the rest?*



DRYING methods must mesh with processing efficiency if the economies of improved machinery are to be fully realized.

Your present drying process, however recent, if not checked against the latest accomplishments in this field, may be adding more in unnecessary costs than the rest of your equipment is saving.

The results obtained by Coe engineers in modernizing older methods and developing new are well worth the investigation of every manufacturer whose product must be dried, whether a change is contemplated at present or not. Coe recommendations, based on twenty years of specialization, *predetermine and guarantee* the exact savings possible by their adoption. Your inquiry will be treated in confidence.

The COE MANUFACTURING COMPANY

420 BANK ST.

PAINESVILLE, O.



**DRYING
SPECIALISTS
to
SPECIALIZED
INDUSTRIES**

roads for transportation of mails very much more than is paid by the express companies for similar services.

Mr. Lee says that there is entirely too much repetition of the charge that the Post Office Department does not pay. He continues:

Considerable has been made by writers in NATION'S BUSINESS regarding the excessive cost of the people serving themselves through public agencies. It is surprising therefore that in the first column of page 151 of the March issue there should be such an emphatic admission that the present competitive method was unnecessarily expensive. James L. Nelson, market specialist of the University of Chicago, has indicated that elimination of half of the 1,500,000 retail establishments in the United States would reduce the present toll on consumers.

The fact is that if nine-tenths of the private enterprises were eliminated and the other tenth were to be properly located and run for the public service instead of for private profit, the "toll on consumers" would be more than reduced. It would be largely eliminated.

If nine-tenths of the private enterprises of the United States were "eliminated" would not a great part of the real America go, too?

SOME time ago we noticed an odd little paragraph in the message to the North Dakota Legislative Assembly delivered by Gov. George F. Shafer. The paragraph read:

"Let us not forget the Drake Mill. We still have it on our hands unsold and without prospects of sale, except for junk or local warehouse purposes at a normal figure. It will fall down or blow over in the near future. Will you not grant the Industrial Commission the requisite authority to dispose of it?"

Filled with curiosity to know how the State of North Dakota came to own this property which might blow down in the near future, we asked Governor Shafer. In his letter he said:

In the year 1919 the State of North Dakota entered into a comprehensive state industrial program, including the operation of state flour mills. In that year the state purchased a small mill at Drake, North Dakota, and operated this mill for three or four years as a commercial flour mill. The mill was permanently closed in 1923 after having suffered a loss of about \$100,000 as a result of its business transactions. It originally cost \$28,000.

We call this little episode particularly to the attention of those who advocate the elimination of private enterprise, and cry for the substitution of governmental operation. In this case all enterprise seems to have been successfully eliminated.

M.T.

**-TAKE IT TO
TAFT-PEIRCE-**



Every Executive should read this book. It is free! It suggests ways of improving your products—cutting costs—solving many financial and production problems. All by Taft-Peirce methods.

Send for your copy

The Taft-Peirce Manufacturing Co

WONOSCAET RHODE ISLAND U.S.A.



Reprints

of NATION'S BUSINESS articles will be furnished at cost in quantities of 100 or more.



Firestone

TRUCK BALLOONS

**"Our costs SHOW
that**

Firestone

TRUCK TIRES

give

MOST MILES

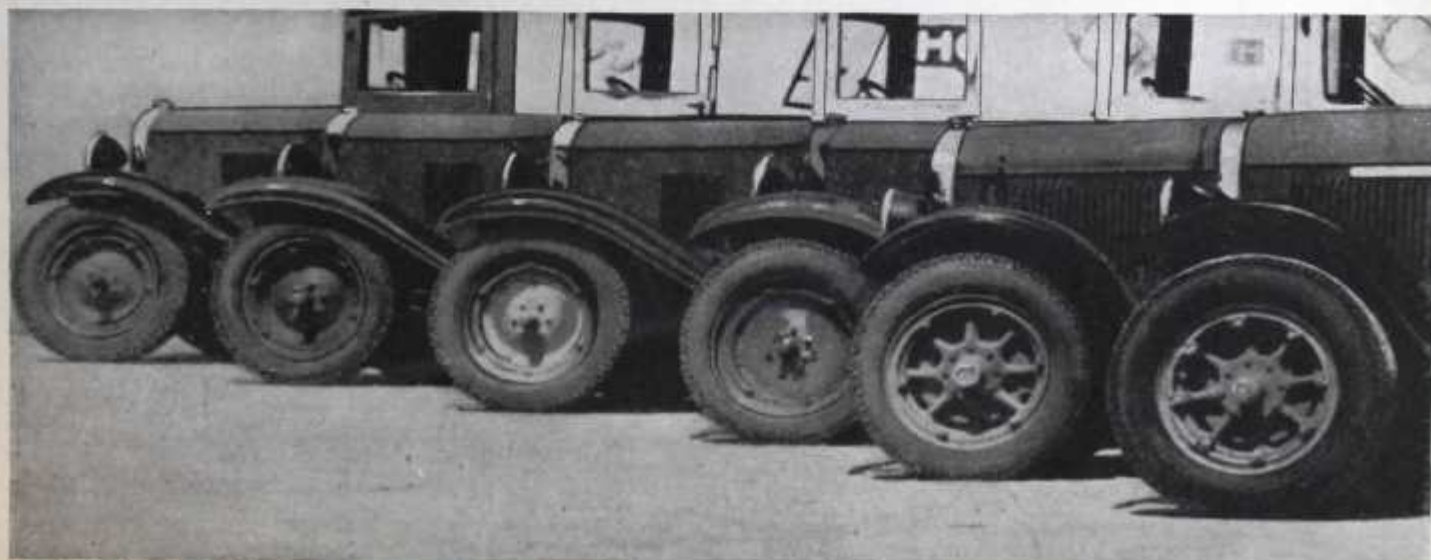
PER DOLLAR"

IN THESE days of claims and counter-claims, put truck tires under the microscope of a cost system. Then you'll see which tire gives you the most for your money.

That is exactly what George A. Hormel & Co., Houston, Texas, District Office, did. They write: "We have one of the most accurate cost systems on our equipment."—And after a complete and thorough test, this company found that Firestone Tires assisted them "materially in reducing cost of operation per mile."

Firestone Gum-Dipped Balloons *do* reduce delivery costs, because *Gum-Dipping adds 58% longer flexing life to every cord*; because the *patented Double Cord Breaker in Firestone Tires gives 26% greater protection against punctures and blowouts*; and because the *deeper, tougher treads in Firestone Tires give 25% more non-skid wear*. The result: *25% to 40% longer tire life*.

Make this test: Put your fleet on Firestone Tires. Keep accurate record of costs and prove for yourself that Firestone Tires give Most Miles per Dollar!



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When buying FIRESTONE products please mention Nation's Business to the dealer

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Let's Keep Our Tools Sharp

A CARPENTER who permits his tools to get dull is a poor workman. If he deliberately dulls his tools—what can we say for him?

Business has a tool that has helped build the structure of American industry. That tool is advertising.

If the edge of advertising is sharp, it does its job. If the edge is dulled, the job becomes harder.

The sharp edge of advertising is believability. This is another way of saying that advertising works best when the public has confidence in what the advertising says.

Since advertising belongs to business—not to any one business—whoever dulls it hurts business. If confidence in one man's advertising is lessened, confidence in all advertising tends to be lessened.

As citizens of the business community, as well as for our own selfish interests, it is our duty to protect the sharp edge of advertising. We can do that by using all available means to check every advertising claim against accepted standards of truth and of good taste.

We cannot arrive at truth by accepting without searching scrutiny a copywriter's brilliant idea. Questionable testimonials, shouts of supremacy, careless exaggeration, and general lack of restraint all help to make the public question the validity of advertising statements.

Some advertisers seem to substitute imagination and enthusiasm for facts. This is bad for advertising and bad for advertisers. Unless it is checked, the tool, advertising is likely to lose its keen edge.

RALPH STARR BUTLER,
Vice President,
General Foods Corporation
New York City



CITIES SERVICE
RADIO CONCERTS,
Fridays, 8 P.M. Eastern
Daylight Time—
WEAF and 27 Stations
on N.B.C. Nation -
Wide Network.



Speed Production . . . cut operating costs with "Unit Plan" Lubrication

*We specialize in lubrication plans
for entire plants. Let our engineers
discuss your problems with you.*

You know what it means to *you* to show increased production or a cut in operating costs at the year's end.

Correct lubrication will help—and the first step in solving your lubrication problem is to consider it as a unit, not as a series of unrelated problems.

Cities Service experts will make special studies of the lubricating problem of your *whole plant*, and submit recommendations for *every* lubrication need.

Light, heat and power plants, transportation companies and fleets of trucks operated by Cities Service

subsidiaries constitute a gigantic testing laboratory for Cities Service lubricants, and enable Cities Service to provide you with quality proved where it should be proved, *in industrial use.*

Mail the coupon below today—we'll have our representative call on you with no obligations on your part whatsoever.

CITIES SERVICE OIL COMPANY,
60 Wall St., New York, N. Y.

We are interested in your "Unit-Plan" Lubrication Plan.

We operate.....machines.
number of

Our products are.....

Name.....

Street.....

City..... State.....

CITIES SERVICE INDUSTRIAL OILS

QUALITY PROVED WHERE IT SHOULD BE PROVED — IN INDUSTRIAL USE

An aircraft that can check its speed.... stop in the air..

AND DESCEND MORE

SLOWLY THAN A PARACHUTE



AUTOGIRO

© 1931, Autogyro Co. of America

"Honor for the Autogyro" . . .

(Portion of Editorial—Philadelphia Record of April 7, 1931) . . . "The Collier Trophy, awarded annually by the National Aeronautic Association for 'the greatest achievement in aviation,' goes to the Pitcairn-de la Cierva Autogyro. This is . . . good news for the air-minded.

"The autogyro designers have attacked problems ignored by builders of the usual-type planes. They have been more interested in slow flight than in speed, in safe flight than in getting extravagant altitude.

"With its rotating 'windmill' above the fuselage, the 'gyro can climb almost vertically, can hover, can descend, with the motor dead, more

slowly than a man goes down in a parachute.

"These are SUBSTANTIAL ACCOMPLISHMENTS. Aviation will take a sounder step forward when it develops craft capable of going at 10 miles per hour than when it makes planes which can do 300.

"It is this end of the problem, controllability and stability rather than speed, which the autogyro has apparently solved. Yet . . . it can do over 100 miles per hour.

"The award is richly deserved. The patience of the Pitcairn-de la Cierva combination in spending years in experimentation before engaging in mass construction is now justly honored."

THE progress of every form of fast transportation has been in proportion to the development of speed control.

The railroad train..the automobile were capable of high speed long before that speed was safe.

Neither would have become a universal everyday mode of travel without the development of almost perfect speed control.

Both can check their speeds; both can move slowly; both can come to a quick stop when desired.

The creators of the Autogyro believe that flying, likewise, can become a universally accepted, still faster mode of travel with an aircraft that can check its speed, fly slowly or stop, with control comparable to that of the automobile.

Such control in the Autogyro brings to aircraft operation low speed take-offs; low speed maneuvers in the air; low speed safe descents, even with a motor failure . . . yet high speeds when desired.

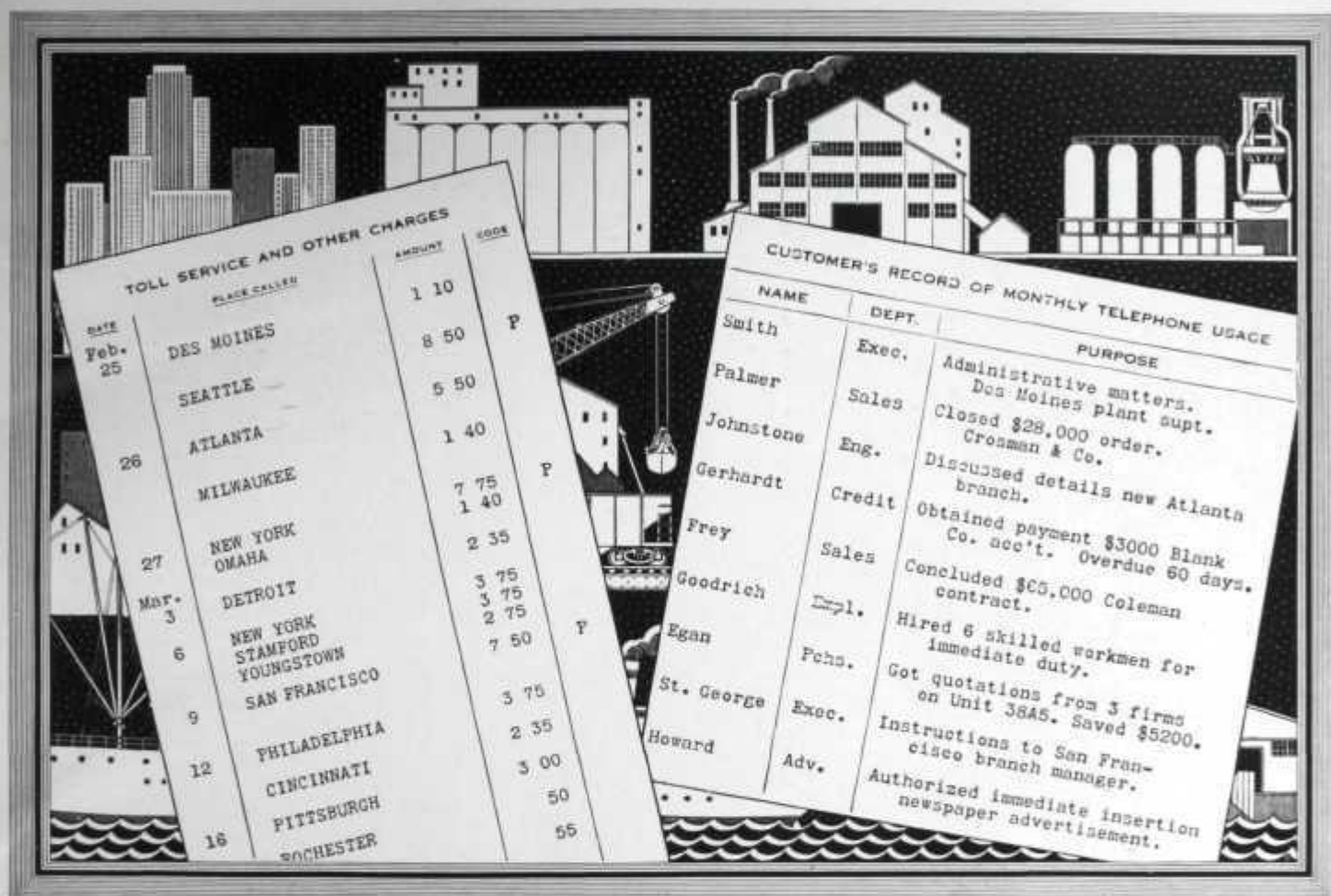
We are confident that the Autogyro points toward the possibility that the average person can consider the operation of an aircraft with assurance comparable to that experienced with an automobile.

The Autogyro Company of America is not a manufacturing or selling company. It is solely an engineering and licensing organization. It owns and controls, exclusively, all Autogyro patent rights in the United States. Manufacturing companies of high standing will be licensed to build Autogyros with the full cooperation of our engineering staff. PRESENT LICENSEES ARE: Buhl Aircraft Company, Detroit, Mich.; Kellett Aircraft Corp., Philadelphia, Pa.; Pitcairn Aircraft, Inc., Willow Grove, Pa.

AUTOGIRO COMPANY OF AMERICA . . . LAND TITLE BUILDING . . . PHILADELPHIA

When writing to AUTOGIRO COMPANY OF AMERICA please mention Nation's Business

★ "Our **LONG DISTANCE** telephone bill is one of the best investments we make" ★



THE TELEPHONE brings marked economy in the transaction of inter-city business. Saves valuable time for executives. Speeds production and deliveries. Straightens out misunderstandings. Simplifies operations.

A leading flour mill company uses Long Distance in all phases of its business. Executives at the home office direct branches and mills in various parts of the country chiefly by daily telephone calls. They maintain personal contact regularly with out-of-town customers by telephone. Speaking of the firm's Long Distance bill, an official says: "We think it is one of the best investments we make." A textile company was in the market for

goods of a certain kind. Prices quoted were not satisfactory. The purchasing agent telephoned three different cities. With the information gained, he saved his firm \$6000 on one order.

A large Ohio specialty company, through its sales manager, closed a \$45,000 deal during a three-minute telephone call to Kansas City. Cost of the call, \$3.

Inter-city calls cost little, yield big. Typical station-to-station day rates: New York to Boston, \$1. Pittsburgh to Indianapolis, \$1.50. Seattle to Omaha, \$5. Evening and night rates, still lower. Get things done by telephone . . . *Quick . . . Inexpensive . . . Resultful.*





"I've ridden the Western Plains



yet you'll meet me in the thick of a Broadway crowd"

It's a far cry from the cow country to Broadway. But what it takes to make the broncho buster "open up" about his cigarette is exactly what you want in your smoke. Good *taste!* And that's first of all tobacco quality. What you taste in Chesterfield is riper, better tobaccos, blended and cross-blended to fragrant, *satisfying* mildness!

Chesterfield

